

**Cathay Financial Holding Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Cathay Financial Holding Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Cathay Financial Holding Co., Ltd. and its subsidiaries (collectively, the “Group”) as of September 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2025 and 2024, its consolidated financial performance for the three months ended September 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shu-Wan Lin and Shiuh-Ran Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 30)	\$ 409,810,280	3	\$ 331,924,124	2	\$ 505,419,827	4
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	499,072,580	3	304,995,700	2	317,981,072	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 7, 30 and 31)	2,145,780,428	15	2,029,794,871	15	1,822,216,811	14
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 8 and 30)	1,164,613,302	8	1,032,941,639	8	972,078,833	7
DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 9 and 31)	4,701,320,453	33	4,905,021,138	36	4,710,100,316	35
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 5)	2,795,544	-	6,615	-	97,974	-
NOTES AND BONDS PURCHASED UNDER RESALE AGREEMENTS (Note 4)	26,555,215	-	39,225,129	-	56,324,594	-
RECEIVABLES, NET (Notes 4, 5, 10 and 30)	329,403,264	2	306,818,735	2	299,968,092	2
CURRENT TAX ASSETS	1,835,477	-	1,724,232	-	1,750,931	-
DISCOUNT AND LOANS, NET (Notes 4, 5, 12 and 30)	3,217,617,187	23	3,081,678,906	22	2,992,594,768	23
REINSURANCE CONTRACT ASSETS, NET	21,972,042	-	19,634,708	-	20,442,050	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4, 14, 30 and 31)	62,357,643	1	62,945,904	-	59,036,930	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 25)	816,614,548	6	810,353,665	6	795,081,554	6
INVESTMENT PROPERTIES, NET (Notes 4, 5, 15, 30 and 31)	496,264,932	3	481,132,365	4	479,563,855	4
PROPERTY AND EQUIPMENT, NET (Notes 4, 16 and 31)	109,919,860	1	109,547,868	1	108,592,838	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 17 and 30)	4,994,027	-	5,124,668	-	5,021,533	-
INTANGIBLE ASSETS, NET (Notes 4 and 18)	31,966,726	-	33,152,377	-	33,472,831	-
DEFERRED TAX ASSETS (Notes 4 and 28)	98,147,734	1	87,844,767	1	66,293,730	1
OTHER ASSETS, NET (Notes 30 and 31)	<u>101,614,862</u>	<u>1</u>	<u>123,282,926</u>	<u>1</u>	<u>66,516,252</u>	<u>1</u>
TOTAL	<u>\$ 14,242,656,104</u>	<u>100</u>	<u>\$ 13,767,150,337</u>	<u>100</u>	<u>\$ 13,312,554,791</u>	<u>100</u>
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS	\$ 156,809,440	1	\$ 184,682,667	1	\$ 139,834,127	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5 and 7)	135,969,323	1	203,998,439	2	127,056,585	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 5)	524,846	-	2,591,575	-	1,332,408	-
NOTES AND BONDS SOLD UNDER REPURCHASE AGREEMENTS (Note 4)	14,001,893	-	21,953,912	-	24,722,886	-
COMMERCIAL PAPER PAYABLE, NET (Note 19)	78,690,097	1	91,876,330	1	90,215,497	1
PAYABLES (Note 30)	155,537,631	1	101,378,430	1	108,954,612	1
CURRENT TAX LIABILITIES (Note 4)	45,639,703	1	6,651,714	-	6,554,625	-
DEPOSITS AND REMITTANCES (Notes 20 and 30)	4,266,274,757	30	3,783,367,486	27	3,515,683,753	26
BONDS PAYABLE (Note 21)	279,696,964	2	248,957,330	2	247,627,725	2
OTHER BORROWINGS (Note 22)	67,479,217	1	39,908,290	-	17,024,960	-
PROVISIONS (Notes 4, 23 and 24)	7,164,534,999	50	7,191,592,811	52	7,123,734,229	54
OTHER FINANCIAL LIABILITIES (Notes 4 and 25)	871,415,210	6	855,810,849	6	846,359,224	6
LEASE LIABILITIES (Notes 4, 17 and 30)	19,743,794	-	19,654,750	-	19,583,527	-
DEFERRED TAX LIABILITIES (Notes 4 and 28)	45,276,018	-	73,089,394	1	59,420,344	1
OTHER LIABILITIES (Note 30)	<u>33,166,006</u>	<u>-</u>	<u>35,109,655</u>	<u>-</u>	<u>45,545,875</u>	<u>-</u>
Total liabilities	<u>13,334,759,898</u>	<u>94</u>	<u>12,860,623,632</u>	<u>93</u>	<u>12,373,650,377</u>	<u>93</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)						
Share capital						
Ordinary shares	146,692,102	1	146,692,102	1	146,692,102	1
Preference shares	15,333,000	-	15,333,000	-	15,333,000	-
Capital surplus	203,119,191	1	203,143,822	1	203,108,020	2
Retained earnings						
Legal reserve	89,275,069	1	78,018,683	1	78,018,683	-
Special reserve	422,149,878	3	230,128,217	2	230,128,217	2
Unappropriated earnings	94,046,589	1	273,370,397	2	266,400,760	2
Other equity	(78,540,366)	(1)	(57,994,700)	-	(16,305,136)	-
Total equity attributable to owners of the Company	892,075,463	6	888,691,521	7	923,375,646	7
NON-CONTROLLING INTERESTS (Notes 4 and 26)	<u>15,820,743</u>	<u>-</u>	<u>17,835,184</u>	<u>-</u>	<u>15,528,768</u>	<u>-</u>
Total equity	<u>907,896,206</u>	<u>6</u>	<u>906,526,705</u>	<u>7</u>	<u>938,904,414</u>	<u>7</u>
TOTAL	<u>\$ 14,242,656,104</u>	<u>100</u>	<u>\$ 13,767,150,337</u>	<u>100</u>	<u>\$ 13,312,554,791</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST INCOME (Notes 4 and 30)	\$ 83,153,689	70	\$ 83,896,555	88	\$ 250,417,575	100	\$ 244,959,061	86
INTEREST EXPENSE (Notes 4 and 30)	(17,976,343)	(15)	(17,249,994)	(18)	(52,302,410)	(21)	(50,134,590)	(17)
NET INTEREST INCOME	<u>65,177,346</u>	<u>55</u>	<u>66,646,561</u>	<u>70</u>	<u>198,115,165</u>	<u>79</u>	<u>194,824,471</u>	<u>69</u>
NET INCOME AND GAINS OTHER THAN INTEREST INCOME								
Net gain on service fee and commission fee (Notes 4, 25, 27 and 30)	3,610,456	3	3,988,000	4	11,920,945	5	11,416,692	4
Net gain (loss) on insurance operations (Notes 4, 27 and 30)	18,609,082	16	(8,944,754)	(9)	9,018,851	4	(35,906,460)	(13)
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 7)	44,672,411	37	105,627,222	110	210,474,979	84	50,369,755	18
Gain on investment properties (Notes 4, 15 and 30)	3,848,685	3	2,959,641	3	17,408,121	7	11,337,995	4
Realized gain on financial assets at fair value through other comprehensive income (Note 4)	5,559,472	5	6,172,091	6	8,761,341	4	8,341,706	3
Net (loss) gain on derecognition of financial assets at amortized cost (Notes 4 and 9)	(137,250)	-	(667,979)	(1)	1,907,231	1	(584,414)	-
Foreign exchange gain (loss) (Note 4)	61,428,781	51	(81,252,626)	(85)	(228,709,926)	(92)	98,911,628	35
Impairment loss on assets (Note 4)	(179,483)	-	(157,320)	-	(646,646)	-	(1,143,101)	(1)
Share of profit of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	722,389	1	663,844	1	2,258,973	1	1,706,593	-
(Loss) gain on reclassification using the overlay approach (Notes 4 and 7)	(85,440,531)	(72)	4,955,752	5	31,044,015	12	(34,779,187)	(12)
Net other non-interest gain (loss) (Note 30)	<u>1,062,537</u>	<u>1</u>	<u>(4,195,445)</u>	<u>(4)</u>	<u>(11,773,632)</u>	<u>(5)</u>	<u>(20,617,546)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>118,933,895</u>	<u>100</u>	<u>95,794,987</u>	<u>100</u>	<u>249,779,417</u>	<u>100</u>	<u>283,878,132</u>	<u>100</u>
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 23 and 27)	<u>(59,572,568)</u>	<u>(50)</u>	<u>(26,762,084)</u>	<u>(28)</u>	<u>(80,356,908)</u>	<u>(32)</u>	<u>(79,890,071)</u>	<u>(28)</u>
PROVISION FOR BAD DEBT, COMMITMENTS AND GUARANTEE RESERVE	<u>(2,491,063)</u>	<u>(2)</u>	<u>(2,160,747)</u>	<u>(2)</u>	<u>(4,948,860)</u>	<u>(2)</u>	<u>(6,364,277)</u>	<u>(2)</u>
OPERATING EXPENSES (Notes 27 and 30)								
Employee benefit expenses	(15,553,183)	(13)	(14,983,458)	(16)	(46,878,847)	(19)	(44,447,618)	(16)
Depreciation and amortization expenses	(2,164,724)	(2)	(2,053,450)	(2)	(6,412,319)	(2)	(6,111,649)	(2)
Other general and administrative expenses	(10,097,004)	(9)	(9,491,795)	(10)	(28,994,918)	(12)	(26,011,470)	(9)
Total operating expenses	<u>(27,814,911)</u>	<u>(24)</u>	<u>(26,528,703)</u>	<u>(28)</u>	<u>(82,286,084)</u>	<u>(33)</u>	<u>(76,570,737)</u>	<u>(27)</u>

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CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025	%	2024	%	2025	%	2024	%
	Amount		Amount		Amount		Amount	
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	\$ 29,055,353	24	\$ 40,343,453	42	\$ 82,187,565	33	\$ 121,053,047	43
INCOME TAX EXPENSE (Notes 4 and 28)	(64,537)	-	(8,653,484)	(9)	(7,288,136)	(3)	(18,708,516)	(7)
NET PROFIT FROM CONTINUING OPERATIONS	28,990,816	24	31,689,969	33	74,899,429	30	102,344,531	36
GAIN FROM DISCONTINUED OPERATIONS (Note 11)	-	-	-	-	-	-	1,009,965	1
NET INCOME	28,990,816	24	31,689,969	33	74,899,429	30	103,354,496	37
OTHER COMPREHENSIVE INCOME (Notes 4 and 28)								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	-	-	-	-	(585)	-	(2,330)	-
Gain on equity instruments at fair value through other comprehensive income	5,220,384	4	(2,975,235)	(3)	(3,156,207)	(1)	23,142,456	8
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(88,290)	-	263,775	-	282,872	-	739,487	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	97,271	-	389,423	-	245,598	-	216,395	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 28)	(387,573)	-	(383,272)	-	159,253	-	(475,021)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	1,763,366	1	1,067,450	1	(7,755,800)	(3)	4,757,437	2
(Loss) gain on hedging instruments	(1,418,710)	(1)	468,619	-	(123,622)	-	(284,023)	-
Gain on debt instruments at fair value through other comprehensive income	12,643,637	11	28,089,312	29	28,821,231	12	6,650,329	2

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CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	\$ 75,361	-	\$ 514,758	1	\$ (1,360,742)	(1)	\$ 1,511,927	1
Other comprehensive income (loss) reclassified using overlay approach	85,440,531	72	(4,955,752)	(5)	(31,044,015)	(12)	34,779,187	12
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 28)	(5,812,243)	(5)	(5,930,147)	(6)	(4,178,295)	(2)	(5,253,898)	(2)
Total other comprehensive income (loss) for the period, net of income tax	<u>97,533,734</u>	<u>82</u>	<u>16,548,931</u>	<u>17</u>	<u>(18,110,312)</u>	<u>(7)</u>	<u>65,781,946</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 126,524,550</u>	<u>106</u>	<u>\$ 48,238,900</u>	<u>50</u>	<u>\$ 56,789,117</u>	<u>23</u>	<u>\$ 169,136,442</u>	<u>60</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 28,621,721	24	\$ 31,056,759	32	\$ 74,622,032	30	\$ 102,817,142	37
Non-controlling interests	<u>369,095</u>	<u>-</u>	<u>633,210</u>	<u>1</u>	<u>277,397</u>	<u>-</u>	<u>537,354</u>	<u>-</u>
	<u>\$ 28,990,816</u>	<u>24</u>	<u>\$ 31,689,969</u>	<u>33</u>	<u>\$ 74,899,429</u>	<u>30</u>	<u>\$ 103,354,496</u>	<u>37</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	\$ 127,177,945	107	\$ 47,382,762	49	\$ 58,414,267	24	\$ 166,131,842	59
Non-controlling interests	<u>(653,395)</u>	<u>(1)</u>	<u>856,138</u>	<u>1</u>	<u>(1,625,150)</u>	<u>(1)</u>	<u>3,004,600</u>	<u>1</u>
	<u>\$ 126,524,550</u>	<u>106</u>	<u>\$ 48,238,900</u>	<u>50</u>	<u>\$ 56,789,117</u>	<u>23</u>	<u>\$ 169,136,442</u>	<u>60</u>
EARNINGS PER SHARE								
(Note 29)								
From continuing operations and discontinued operations								
Basic earnings per share	<u>\$ 1.95</u>		<u>\$ 2.12</u>		<u>\$ 4.84</u>		<u>\$ 6.78</u>	
From continuing operations								
Basic earnings per share	<u>\$ 1.95</u>		<u>\$ 2.12</u>		<u>\$ 4.84</u>		<u>\$ 6.71</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													Other Equity					
							Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Others	Total	Non-controlling Interests	Total Equity		
	Share Capital		Retained Earnings		Special Reserve	Unappropriated Earnings													
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve															
BALANCE ON JANUARY 1, 2024	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685	\$ 13,390,967	\$ 801,445,652		
Appropriation of 2023 earnings					5,024,046		(5,024,046)												
Legal reserve	-	-	-	-												-	-		
Special reserve	-	-	-	-			(148,333,694)	148,333,694								-	-		
Cash dividends on ordinary shares	-	-	-	-			(29,338,420)									(29,338,420)	(29,338,420)		
Cash dividends on preferred shares	-	-	-	-			(3,404,403)									(3,404,403)	(3,404,403)		
Changes from investments in associates and joint ventures accounted for using the equity method			314,567				(135,700)		(8,949)							169,918		169,918	
Disposal of subsidiaries	-	-	-	-			94		(94)							1,762,024	1,762,024	1,762,024	
Net income for the nine months ended September 30, 2024	-	-	-	-			102,817,142									102,817,142	537,354	103,354,496	
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax							5,308,067	28,758,266	(221,100)	591,590	(3,225)	(3,706)	28,884,808			63,314,700	2,467,246	65,781,946	
Total comprehensive income (loss) for the nine months ended September 30, 2024							102,817,142	5,308,067	28,758,266	(221,100)	591,590	(3,225)	(3,706)	28,884,808			166,131,842	3,004,600	169,136,442
Disposal of equity instruments at fair value through other comprehensive income							2,911,941		(2,911,941)										
Changes in non-controlling interests																	(866,799)	(866,799)	
BALANCE ON SEPTEMBER 30, 2024	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,108,020</u>	<u>\$ 78,018,683</u>	<u>\$ 230,128,217</u>	<u>\$ 266,400,760</u>	<u>\$ (7,653,917)</u>	<u>\$ 11,078,867</u>	<u>\$ 289,399</u>	<u>\$ (242,203)</u>	<u>\$ (1,120,885)</u>	<u>\$ 12,609,000</u>	<u>\$ (31,265,397)</u>	<u>\$</u>	<u>\$ 923,375,646</u>	<u>\$ 15,528,768</u>	<u>\$ 938,904,414</u>		
BALANCE ON JANUARY 1, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,143,822	\$ 78,018,683	\$ 230,128,217	\$ 273,370,397	\$ (7,585,169)	\$ (13,142,474)	\$ (354,267)	\$ (420,102)	\$ 1,075,791	\$ 12,609,000	\$ (50,177,479)	\$	\$ 888,691,521	\$ 17,835,184	\$ 906,526,705		
Appropriation of 2024 earnings					11,256,386		(11,256,386)												
Legal reserve	-	-	-	-			(192,021,661)	(192,021,661)											
Special reserve	-	-	-	-			(51,342,235)									(51,342,235)	(51,342,235)		
Cash dividends on ordinary shares	-	-	-	-			(3,595,916)									(3,595,916)	(3,595,916)		
Changes from investments in associates and joint ventures accounted for using the equity method			(16,311)				2,230		(2,230)							(16,311)		(16,311)	
Changes in ownership interests in subsidiaries	-	-	(8,320)				(67,543)									(75,863)	(310,237)	(386,100)	
Net income for the nine months ended September 30, 2025	-	-	-	-			74,622,032									74,622,032	277,397	74,899,429	
Other comprehensive (loss) income for the nine months ended September 30, 2025, net of income tax							(7,428,808)	21,512,363	(97,721)	226,297	1,795		(30,421,691)			(16,207,765)	(1,902,547)	(18,110,312)	
Total comprehensive income (loss) for the nine months ended September 30, 2025							74,622,032	(7,428,808)	21,512,363	(97,721)	226,297	1,795		(30,421,691)			58,414,267	(1,625,150)	56,789,117
Disposal of equity instruments at fair value through other comprehensive income							4,334,923		(4,334,923)										
Others	-	-	-	-			748								(748)				
Changes in non-controlling interests																	(79,054)	(79,054)	
BALANCE ON SEPTEMBER 30, 2025	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,119,191</u>	<u>\$ 89,275,069</u>	<u>\$ 422,149,878</u>	<u>\$ 94,046,589</u>	<u>\$ (15,013,977)</u>	<u>\$ 4,032,736</u>	<u>\$ (451,988)</u>	<u>\$ (193,805)</u>	<u>\$ 1,077,586</u>	<u>\$ 12,608,252</u>	<u>\$ (80,599,170)</u>	<u>\$</u>	<u>\$ 892,075,463</u>	<u>\$ 15,820,743</u>	<u>\$ 907,896,206</u>		

The accompanying notes are an integral part of the consolidated financial statements.

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax from continuing operations	\$ 82,187,565	\$ 121,053,047
Income before income tax from discontinued operations	-	2,500,697
Adjustments for:		
Depreciation expense	4,258,846	4,050,715
Amortization expense	2,153,473	2,234,521
Bad debt expense	4,948,860	6,364,277
Net gain on financial assets and liabilities at fair value through profit or loss	(196,783,974)	(38,905,366)
Interest expense	52,302,410	50,160,803
Net (gain) loss on derecognition of financial assets at amortized cost	(1,907,231)	584,414
Interest income	(250,417,575)	(244,992,712)
Dividend income	(20,935,398)	(18,214,080)
Net changes in insurance liabilities	(40,889,139)	142,850,752
Net changes in other provisions	13,654,404	22,790,045
Share of profit of associates and joint ventures accounted for using the equity method	(2,258,973)	(1,706,593)
(Gain) loss on reclassification using the overlay approach	(31,044,015)	34,779,187
Loss (gain) on disposal and retirement of property and equipment	11,797	(58,232)
Gain on disposal of investment properties	(4,734)	(1,740)
Gain on disposal of intangible assets	-	(502)
Gain on disposal of investments	(701,827)	(914,137)
Loss (gain) on disposal of investments accounted for using the equity method	1,527	(4,023)
Expected credit loss on financial assets	646,646	1,143,101
Gain on sale of non-performing loan	(2,220)	-
Gain on changes in fair value of investment properties	(7,762,140)	(2,241,839)
Gain on disposal of subsidiaries	(181,957)	(2,636,994)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(24,215,859)	(10,520,732)
Financial assets at fair value through profit or loss	240,002,118	521,653,806
Financial assets at fair value through other comprehensive income	(104,503,886)	(63,275,848)
Debt instruments at amortized cost	202,624,712	18,058,093
Financial assets for hedging	(2,780,451)	(75,528)
Receivables	(22,350,425)	(53,306,273)
Loans	(140,566,772)	(313,696,450)
Reinsurance assets	(2,341,881)	(5,030,279)
Other financial assets	3,637,677	(4,319,984)
Other assets	16,224,035	(3,794,268)
Deposits from the Central Bank and banks	(27,873,227)	22,703,273
Financial liabilities at fair value through profit or loss	(237,871,500)	(312,648,156)
Financial liabilities for hedging	(2,198,829)	(1,010,853)
Notes and bonds sold under repurchase agreements	(7,343,075)	(1,164,028)

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Payables	\$ 49,119,460	\$ 17,905,836
Deposits and remittances	482,907,271	18,701,065
Provisions for employee benefits	(311,973)	(395,429)
Provisions	(6,469)	235,920
Other financial liabilities	5,714,768	(5,844,974)
Other liabilities	<u>(373,186)</u>	<u>12,819,897</u>
Cash generated from (used in) operations	34,768,853	(84,169,571)
Interest received	253,296,136	246,459,979
Dividends received	22,241,198	18,804,475
Interest paid	(50,854,213)	(47,122,971)
Income tax (paid) refund	<u>(9,734,128)</u>	<u>1,068,076</u>
Net cash generated from operating activities	<u>249,717,846</u>	<u>135,039,988</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(24,074,520)	(16,266,762)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,637,675	14,486,508
Capital reduction and withdrawal of shares of financial assets at fair value through other comprehensive income	6,999	13,242
Acquisition of financial assets at fair value through profit or loss	(529,084)	(719,741)
Proceeds from disposal of financial assets at fair value through profit or loss	385,851	742,862
Proceeds from disposal of investments accounted for using equity method	250,461	6,580
Proceeds from disposal of subsidiaries	-	(4,039,745)
Proceeds from capital reduction of investments accounted for using equity method	206,578	56,380
Acquisition of property and equipment	(3,245,139)	(3,151,272)
Proceeds from disposal of property and equipment	678	155,745
Acquisition of intangible assets	(445,238)	(618,372)
Disposal of intangible assets	-	10,543
Acquisition of investment properties	(8,018,520)	(12,595,408)
Proceeds from disposal of investment properties	102,000	13,520
Proceeds from sale of non-performing loan	49,600	-
Other assets	3,139,928	1,574,051
Dividends received	<u>45,961</u>	<u>45,251</u>
Net cash used in investing activities	<u>(9,486,770)</u>	<u>(20,286,618)</u>

(Continued)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in commercial paper payable	\$ (13,207,457)	\$ 13,700,000
Proceeds from issuance of convertible bonds	32,000,000	90,739,712
Repayment of convertible bonds	(4,300,000)	(4,000,000)
Issuing bank debentures	5,900,000	-
Repayment of financial debentures	-	(14,400,000)
Increase in other borrowings	27,266,287	4,033,496
Repayment of the principal portion of lease liabilities	(1,289,089)	(1,319,048)
Decrease in other liabilities	(1,570,453)	(208,416)
Dividends paid	(54,938,151)	(32,742,823)
Acquisition of ownership interests in subsidiaries	(386,100)	-
Changes in non-controlling interests	<u>(79,054)</u>	<u>(335,906)</u>
Net cash (used in) generated from financing activities	<u>(10,604,017)</u>	<u>55,467,015</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>5,454,112</u>	<u>(1,926,644)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>235,081,171</u>	<u>168,293,741</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>557,527,266</u>	<u>602,451,757</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 792,608,437</u>	<u>\$ 770,745,498</u>
Reconciliation of cash and cash equivalents:		
	September 30	
	2025	2024
Cash and cash equivalents presented in the consolidated balance sheets	\$ 409,810,280	\$ 505,419,827
Due from the Central Bank and call loans to banks qualified for cash and cash equivalents under the definition of IAS 7	356,242,942	209,001,077
Notes and bonds purchased under resale agreements qualified for cash and cash equivalents under the definition of IAS 7	<u>26,555,215</u>	<u>56,324,594</u>
Cash and cash equivalents at the end of the period	<u>\$ 792,608,437</u>	<u>\$ 770,745,498</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

On December 31, 2001, Cathay Financial Holding Co., Ltd. (the “Company” or “Cathay Financial Holdings”) was incorporated through a share swap with Cathay Life Insurance Co., Ltd. (“Cathay Life”) pursuant to the Financial Holding Company Act, Company Act and related laws and regulations and Cathay Life became a wholly-owned subsidiary of the Company. On the same day, Cathay Life’s shares were delisted and the Company’s shares have been listed on the Taiwan Stock Exchange.

On April 22, 2002, Cathay Century Insurance Co., Ltd. (“Cathay Century”) and Cathay Commercial Bank Co., Ltd. (“Cathay Bank”) became wholly-owned subsidiaries of the Company through share swaps. On December 18, 2002, United World Chinese Commercial Bank Co., Ltd. (“UWCCB”) also became a wholly-owned subsidiary of the Company through a share swap. On October 27, 2003, UWCCB was merged with Cathay Bank in accordance with the Financial Institutions Merger Act and related laws and regulations; UWCCB was the surviving company and was re-named to Cathay United Bank Co., Ltd. (“Cathay United Bank”). The Company acquired all issued shares of Lucky Bank Inc. through a share swap on August 25, 2006. To expand its business scale and improve competitiveness, Cathay United Bank merged with Lucky Bank Inc. on January 1, 2007 and acquired specific assets, liabilities, and business of China United Trust & Investment Corporation on December 29, 2007.

On May 12, 2004, the Company incorporated Cathay Securities Corporation (“Cathay Securities”) as a wholly-owned subsidiary. Cathay Venture Inc. (“Cathay Venture”) was incorporated on April 10, 2003; as resolved by the board of directors on August 10, 2009, Cathay Venture was merged with Cathay VC Inc., Cathay II NC Inc. and Cathay Capital Management Inc., in which Cathay Venture was the surviving company. On June 13, 2011, the Company was approved to acquire Cathay Securities Investment Trust Co., Ltd. (“Cathay Securities Investment Trust”) by the Financial Supervisory Commission (“FSC”) and acquired all issued shares of Cathay Securities Investment Trust by cash on June 24, 2011.

Cathay Life participated in and won the bid for the takeover of the assets, liabilities and operations of Global Life Insurance Co., Ltd. (“Global Life”) and Singfor Life Insurance Co., Ltd. (“Singfor Life”), which was held by the Taiwan Insurance Guaranty Fund. Cathay Life entered into the general assignment and assumption agreement on March 27, 2015. Cathay Life assumed all assets, liabilities and operations of Global Life and Singfor Life, except for their reserved assets and liabilities on July 1, 2015.

Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depository Shares (GDSs). The Company’s registered office and the main business location is at No. 296, Jen Ai Road, Section 4, Taipei, R.O.C. The Company is mainly engaged in the business of financial holding company.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on November 13, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Identification of related parties (expected to be applied from the consolidated financial statements for fiscal year 2025)

In accordance with the IFRS Q&A “Identification of Related Parties” issued by the Accounting Research and Development Foundation (ARDF) in June 2025, the Group has reassessed its relationship with its managed funds to determine whether it exercises control or significant influence, or if it solely provides key management personnel services to them. As a result, the Group may revise the previous identification of related parties based on the IFRS Q&A issued by the ARDF in July 2013. The assessment is currently in progress. Furthermore, in accordance with the Q&A issued by the FSC, comparative information for the year 2024 does not need to be restated, which means the identified and disclosed related party relationships and transactions in prior financial statements are not required to be adjusted retrospectively.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

a) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

i. If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

ii. To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- iii. To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

b) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

2) IFRS 17 “Insurance Contracts” and its amendments

IFRS 17 sets out the accounting standards for insurance contracts and it will supersede IFRS 4. The main standards and amendments of IFRS 17 are as follows:

Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The Group should divide a portfolio of insurance contracts issued into a minimum of:

- a) A group of contracts that are onerous at initial recognition;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- c) A group of the remaining contracts in the portfolio.

The Group should not include contracts issued more than one year apart in the same group, and the recognition and measurements of IFRS 17 should be applied to all identified groups of contracts.

Recognition

The Group should recognize a group of insurance contracts it issues from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder in the group becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

On initial recognition, the Group should measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and financial risk related to the future cash flows, and a risk adjustment for non-financial risk. The contractual service margin represents the unearned profit for the group of insurance contracts that the Group will recognize as it provides insurance contract services in the future. Unless a group of contracts is onerous, the Group should measure the contractual service margin on initial recognition of the group of insurance contracts at an amount that results in no income or expenses arising from:

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) Any cash flows arising from the contracts in the group at that date; and
- c) The derecognition at the date of initial derecognition of:
 - Any assets for insurance acquisition cash flows;
 - Any other asset or liability previously recognized for cash flows related to the group of contracts.

Subsequent measurement

The carrying amount of a group of insurance contracts at the end of each reporting period should be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin; the liability for incurred claims comprises the fulfilment cash flows related to past services. If a group of insurance contracts becomes onerous (or more onerous) on subsequent measurement, the Group should recognize a loss immediately in profit or loss.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contracts, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group should recognize a loss in profit or loss for the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group of onerous contracts being equal to the fulfilment cash flows and the contractual service margin of the group being zero. Before the loss previously recognized on the onerous group is reversed, the Group should not recognize contractual service margin or insurance revenue.

Premium Allocation Approach (PAA)

The Group may simplify the measurement of a group of insurance contracts using the PAA if, and only if, at the inception of the group:

- a) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the general measurement model; or
- b) The coverage period of each contract in the group is one year or less.

At the inception of the group, if the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred, the above-mentioned criterion a) is not met.

Using the PAA, the liability for remaining coverage on initial recognition should be:

- a) The premiums received at initial recognition;
- b) Minus any insurance acquisition cash flows at that date; and
- c) Plus or minus any amount arising from the derecognition at that date of:
 - Any asset for insurance acquisition cash flows; and
 - Any other asset or liability previously recognized for cash flows related to the group of insurance contracts.

Subsequently, the liability for remaining coverage should be adjusted as plus the premiums received and the amortization of insurance acquisition cash flows and minus the amount recognized as insurance revenue for services provided and any investment component paid or transferred to the liability for incurred claims in the period.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. An investment contract with discretionary participation features the Group issues should apply the requirements of IFRS 17 if the Group also issues insurance contracts.

Modification and derecognition

If the terms of an insurance contract are modified and any of the specific conditions is met, resulting in a substantive modification, the Group should derecognize the original contract and recognize the modified contract as a new contract.

The Group shall derecognize an insurance contract when it is extinguished, or if any of the conditions of a substantive modification is met.

Transition

The Group shall apply IFRS 17 retrospectively unless it is impracticable, in which case the Group may choose to adopt the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Group should use reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. If such reasonable and supportable information is unavailable, the Group should apply fair value approach.

Under the fair value approach, the Group should determine the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

Redesignation of financial assets

At the date of initial application of IFRS 17, an entity which had applied IFRS 9 may redesignate an eligible asset that meets the condition in paragraph C29 of IFRS 17. The entity is not required to restate the comparative information to reflect changes in the designation or classifications of these assets, and any difference between the previous carrying amount and the carrying amount at the date of initial application of these financial assets should be recognized in the opening retained earnings (or other component of equity, as appropriate) at the date of initial application. If the entity restates the comparative information, the restated financial statements must reflect all the requirements of IFRS 9 for those affected financial assets.

In addition, an enterprise which had applied IFRS 9 before the initial application of IFRS 17 could apply the classification overlay on an individual basis to the financial assets that had been derecognized during the comparative period as if those financial assets had been redesignated in the comparative period in accordance with the redesignation requirements in paragraph C29 of IFRS 17.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Statements by Insurance Enterprises, Guidelines Governing the Preparation of Financial Reports by Public Banks, Guidelines Governing the Preparation of Financial Statements by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value, and net defined benefit liabilities (assets) which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the rate of the transaction date or average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties and investment properties acquired through leases are measured initially at cost, including transaction costs. All investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

The Group transfers properties to or from investment properties according to the actual use of the properties.

For a transfer of classification from investment properties to property and equipment, the deemed cost of the property for subsequent accounting is its fair value at the commencement of owner-occupation. For a transfer of classification from property and equipment to investment properties at the end of owner-occupation or based on the actual usage, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income and accumulated in gain on property revaluation under other equity that will be transferred directly to retained earnings when the asset is derecognized.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income ("FVTOCI").

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL, including investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses (includes any dividends and interest earned on such financial assets) arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 38.

In addition, to reduce the fluctuations in profit or loss as a result of IFRS 9 being applied earlier than IFRS 17, the Group elects to remove profit or loss arising from changes in fair value in subsequent measurement and present it in other comprehensive income based on overlay approach under IFRS 4. Overlay approach is applied to financial assets if all of the following conditions are met:

- i. The financial assets are held in respect of activities related to IFRS 4;
- ii. The financial assets are measured at FVTPL under IFRS 9, but would not have been measured at FVTPL under IAS 39; and
- iii. The financial assets are designated to apply overlay approach at the first application of IFRS 9, in the initial recognition of a new financial asset or when a financial asset starts to meet the conditions.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash and cash equivalents include cash on hand, cash in banks and time deposits or investments which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Time deposits with maturities within 12 months, which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value are classified as cash equivalents.

Bank balances used by the Group that are subject to third-party contractual restrictions are included as part of cash unless the restrictions result in a bank balance that no longer meets the definition of cash.

c) Investments in debt instruments at FVTOCI

Debt instruments that meet both the following conditions are subsequently measured at FVTOCI:

- i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables and loans) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime ECLs for receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group uses the total carrying amount of financial assets at amortized cost (including receivables and loans), investments in debt instruments at FVTOCI, and off balance sheet commitments to measure the amount of exposure at default (EAD).

The Group recognizes impairment loss of all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

In addition, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, Cathay Life and Cathay Century classify their credit assets as normal (“First Category”), assets that require special attention (“Second Category”), assets that are substandard (“Third Category”), assets that are doubtful (“Fourth Category”) and assets for which there is loss (“Fifth Category”) based on the borrower’s financial conditions and the delay for payment of principal and interests as well as the status of the loan collaterals and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following categories:

- a) The sum of 0.5% of the First Category loan assets excluding life insurance policy loans, premium loans and loans to government agencies, 2% of the Second Category of loan assets, 10% of the Third Category of loan assets, as well as 50% and 100% of the Fourth and Fifth category loan assets.
- b) 1% of the sum of all five categories of loan assets excluding life insurance policy loans, premium loans and loans to government agencies.
- c) Total unsecured portion of non-performing loans and non-accrual loans.

Besides, pursuant to Jin Guan Bao Tsai No. 10402506096, Cathay Life and Cathay Century shall keep the ratio of the allowance for bad debt over the loans at 1.5% or above to strengthen their ability against loss exposure to specific loan assets.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, Cathay United Bank assesses the customers’ financial position, the overdue payments of the principal and interest and the value of collaterals to classify credit assets into normal credit assets (excluding loans to the R.O.C. government) and unsound assets which should be further classified by special mention, substandard, doubtful and losses, for which minimum provisions of 1%, 2%, 10%, 50% and 100% of the outstanding balance, respectively. Furthermore, the FSC stipulates that banks should recognize the provision by at least 1.5% of normal credit assets in the mainland China (including short-term advances for trade finance) and loans for the mortgage and construction loans that have been classified as normal assets, and further determine the allowance for losses based on the higher of the above-mentioned provision and the assessment of the expected credit losses.

Cathay United Bank and its subsidiaries write off credits deemed uncollectable after the write-off is proposed and approved by the board of directors. Recoveries of credits written off are recognized as a reversal of loss provision in current period.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

4) Offsetting of financial instruments

Financial assets and financial liabilities are offset and presented in net in the consolidated balance sheet only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

b. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share type and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement (excluding any interest paid on such financial liabilities) recognized in profit or loss.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- a) Such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 38.

Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses and the amount after amortization.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, cross currency swaps and options.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 “Financial Instruments” are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 “Financial Instruments” are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

e. Modification of financial instruments

When the contractual cash flows of a financial instrument are renegotiated or modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges or cash flow hedges.

a. Fair value hedges

Gains or losses on derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The changes in the fair value of the hedging instrument and the changes in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b. Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

Notes and Bonds Purchased/Sold Under Resale/Repurchase Agreements

Notes and bonds purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense over the life of each agreement.

Separate Accounts Insurance Products

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets is measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account insurance product liabilities. The revenue and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product revenue and separate account insurance product expenses.

Insurance Liability

a. Cathay Life

Funds reserved for insurance contracts and financial instruments with or without a discretionary participation features are determined in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and validated by the certified actuarial professionals approved by the FSC. For investment contracts with discretionary participation features, the guaranteed elements are not separately recognized from the discretionary participation features, and the whole contract is classified as a liability. The provision of reserve for short-term group insurance is based upon the greater of premium received or calculated according to Jin Guan Bao Tsai No. 11004925801. Provision of reserve for the other insurance liabilities is as follows:

1) Unearned premium reserve

For an unexpired in-force contract with a policy period shorter than one year or an injury insurance policy with a policy period longer than one year, the calculation of unearned premium reserve is based on the unexpired risk of each insurance.

2) Loss reserve

Loss reserve is provided for claims filed but not yet paid and claims not yet filed. The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance and health or life insurance policies with a policy period shorter than one year.

3) Policy reserve

Based on the life table and projected interest rates in the manual reported to the authority for each insurance type, life insurance policy reserve is calculated and provided according to the modified calculation method in Article 12 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, the manual of each insurance product reported to the authority and the relevant calculation methods approved by the authority.

In accordance with Jin Guan Bao Tsai No. 11004931041 issued on August 24, 2021, starting from the 2003 policy year, the downward adjustments of the bonus due to the offset between mortality gain (loss) and gain (loss) from the difference of interest rates should be calculated and recognized according to the regulations issued by the authorities.

In accordance with Jin Guan Bao Tsai No. 10102500530 issued on January 19, 2012, life insurance enterprises shall transfer a special reserve that equals to the unwritten allowance for doubtful account resulting from 3% business tax cut to life insurance policy reserve - allowance for doubtful account pertinent to 3% business tax cut from 2012. Besides, life insurance enterprises shall reclassify the recoverable special reserve for catastrophic events defined in Article 19 of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises to life insurance policy reserve - recovery of catastrophic event reserve.

When an insurance enterprise elects to measure investment property at fair value, it should also measure its insurance liabilities at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds their book value, the insurance enterprise must set aside the difference to policy reserve and decrease retained earnings. Cathay Life changed its accounting policy for subsequent measurement of investment property from the cost method to the fair value method starting from 2014. In accordance with Jin Guan Bao Tsai No. 10302501161 issued by the FSC on March 21, 2014, the fair value of insurance liabilities measured did not exceed their book value and no additional insurance liabilities should be provided accordingly.

4) Special reserve

When selling participating life insurance policies, according to the Regulation for Allocation of Revenue and Expenses related to Participating/Nonparticipating Policy reported to the authority, Cathay Life is required to set aside a special reserve for dividend participation based on income before tax and dividends. On the date of declaration, dividends should be withdrawn from special reserve - participating policies dividends reserve. The excess dividends should be accounted as special reserve - provisions for risk of dividends.

The increments due to measuring the property at fair value, except for the portion in offsetting adverse effects of the first-time adoption of IFRS Accounting Standards on other accounts, the excess should be set aside as special reserve for revaluation increments of property under insurance liabilities.

5) Premium deficiency reserve

For life insurance, health insurance and annuity insurance policies with policy periods longer than one year commencing from 2001, when the gross premium is less than the net premium used in the calculation of policy reserve, a deficiency reserve is required to set aside such deficiencies for remaining payment periods as a premium deficiency reserve. The premium deficiency reserve of each life insurance category should be calculated and recorded according to the specific method reported to the authorities.

In addition, for unexpired in-force contracts with policy periods shorter than one year and injury insurance policies with policy periods longer than one year, if the probable claims and expenses are greater than the aggregate of unearned premium reserves and estimated future premiums, the premium deficiency reserve is set aside based on the deficiencies by insurance type.

6) Other reserve

Pursuant to IFRS 3 “Business Combinations”, Cathay Life recognizes other reserve to reflect the fair value of the life insurance contracts assumed at the time when the identifiable assets and assumed liabilities acquired from the business combination are recognized at fair value.

7) Liability adequacy reserve

The liability adequacy reserve is set aside based on the adequacy test of liability required by IFRS 4.

b. Cathay Lujiazui Life Insurance Co., Ltd. (“Cathay Lujiazui Life”)

In accordance with the Insurance Act of the People’s Republic of China, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by National Financial Regulatory Administration.

c. Cathay Life Insurance (Vietnam) Co., Ltd. (“Cathay Life (Vietnam)”)

In accordance with the Insurance Act of Vietnam, the insurance liabilities (including unearned premium reserves, loss reserves and policy reserves) are required and calculated based on the actuarial reports approved by Vietnam government.

d. Cathay Century and its subsidiaries

Insurance liabilities provided for insurance contracts should be audited by the actuaries certified by the FSC and should also conform to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance and the Regulations for the Reserves for Nuclear Energy Insurance.

The descriptions of these reserves are as follows:

1) Unearned premium reserve

For an in-force contract with a remaining policy period or an unterminated insured risk, the calculation of unearned premium reserve is based on the unexpired risk of each insurance policy.

Unearned premium reserve for the compulsory insurance contract is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

Unearned premium reserve for the policy-oriented residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premiums reserve for Nuclear Energy Insurance contracts is provided in conformity with the Regulations for the Reserves of Nuclear Energy Insurance.

Except as otherwise provided by regulations, the manners of provisions for unearned premium reserve are decided by actuaries according to the characteristics of each insurance, which cannot be changed without permission by the authorities, and the year-end balance of unearned premium reserve should be audited by actuaries.

2) Loss reserve

Loss reserve is provided for claims filed but not yet paid and claims not yet filed by insurance type based on the past experiences of actual claims and expenses in line with the actuarial principles. The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type.

Loss reserve for the compulsory automobile liability insurance contracts is provided in conformity with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

Loss reserve for policy-oriented residential earthquake insurance contracts is provided in conformity with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Loss reserve for nuclear energy insurance contracts is provided in conformity with the Regulations for the Reserves for Nuclear Energy Insurance.

3) Special reserve

Special reserves are comprised of special reserves for catastrophic event, fluctuation of risk and other special purpose.

In accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, Cathay Century shall set aside the special reserves as liabilities which is calculated based on the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve, minus the retained claims and the provision of loss reserve; if the sum of retained earned pure premiums, recovery of loss reserve and the interest accrued of the beginning balance of the special reserve in the preceding fiscal year is less than the sum of the retained claims and the provision of loss reserve, the deficit shall be amended with the cumulative recovery of the special reserve in the previous years. If any deficit remains, the balance shall be recorded as a memorandum entry and amended with the recovery of the special reserves in the subsequent years.

Furthermore, according to the Notice for the Improvement of the Reserves of Natural Disaster Insurances (commercial-business earthquake, typhoon and flood insurances enterprises) issued by the Financial Supervisory Commission on November 9, 2012, except for those special reserves of compulsory automobile insurances, nuclear energy insurances, residential earthquake insurances, commercial-business earthquake insurances and typhoon and flood insurances, the special reserves recognized as liabilities before December 31, 2012 were used to compensate the deficiencies of commercial-business earthquake insurances and typhoon and flood insurances to the required level and were recognized as liabilities. The remaining special reserves were reclassified as equity, net of tax according to IAS 12 starting from January 1, 2013. In addition, the above precautions were amended in accordance with Rule No. 11101405951 on June 30, 2022, and the name was changed to “Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises”. According to point eight of the Notice, when the actual claims net of the debit amounts to special reserves for catastrophic events exceed the expected claims after deducting the special reserve for major accidents, or the total accumulated deposit reaches the full water level, an appropriate amount should be written off or recovered from the special reserves for fluctuation of risk pursuant to the third point of the “Regulations Governing the Reserves for Commercial-business Earthquake Insurance and Typhoon and Flood Insurance”. The write off and recovery of special reserves for catastrophic events and fluctuation of risk provided under liabilities should be in conformity with the notice mentioned above.

a) Special reserves for catastrophic events

Special reserves for catastrophic events are provided at the rates for each insurance type required by the authorities.

As a single event that meets the government's definition of a major accident, special reserves for catastrophic events can be reversed if the total retained claims for each insurance type of an individual company reach \$30 million and the total claims for each insurance type of all non-life insurance companies reaches \$2,000 million.

Special reserves for catastrophic events that have been provided for more than 15 years may be reversed in the manner prescribed by the appointed actuary, which should be filed with the authorities. In addition, such reserves for commercial-business earthquake insurance and typhoon and flood insurance may be reversed only if they have been provided for more than 30 years.

b) Special reserves for fluctuation of risk

For retained business of each insurance, when actual claims net of the debit amount to special reserves for catastrophic events are lower than the expected claims, 15% of the difference should be provided as special reserves for fluctuation of risk. For commercial-business earthquake insurance and typhoon and flood insurance, the provision rate is 75% of the difference.

For retained business of each insurance, when actual claims net of the debit amounts to special reserves for catastrophic events are higher than the expected claims, the difference may be debited to the existing special reserves for fluctuation of risk. If the special reserves for fluctuation of risk for an insurance type are insufficient to cover the difference, the shortfall may be debited to the special reserves for fluctuation of risk for other insurance types. The insurance type and debit amounts for covering the shortfall should be filed with the authorities.

For each type of insurance, when the accumulated provisions of the special reserves for fluctuation of risk exceed 60% (30% for accident insurance and health insurance) of the retained earned premiums for the current year, the excess should be recovered. For commercial-business earthquake insurance and typhoon and flood insurance, if the accumulated provisions of special reserves for fluctuation of risk exceed 18 times and 8 times, respectively, of the retained earned premiums for the current year, the excess should be recovered as income.

4) Premium deficiency reserve

For unexpired in-force contracts or unterminated incurred risks of each insurance, if the estimated amounts of the future claims and expenses exceed the sum of the unearned premium reserves and the expected future premium income, the deficiencies should be set aside as premium deficiency reserve.

5) Policy reserve

The minimum provision for policy reserve for health insurance with policy periods longer than one year is determined by Full Preliminary Term method. However, the method of provision for health insurance with a special nature is regulated by the authorities.

6) Liability adequacy reserve

The contracts that need to be tested for liability adequacy required by IFRS 4 should use estimated future cash flow based on the current information on each balance sheet date for the test, and the contracts with recognized insurance liability are tested for liability adequacy. If the test shows that the liability is inadequate, the entire deficiency is recognized in liability adequacy reserve.

Liability Adequacy Test

a. Cathay Life and its subsidiaries

Liability adequacy test is based on all insurance contracts and related requirements of ASP of IFRS 4 - contract classification and liability adequacy test announced by Actuarial Institute of Chinese Taipei. In this test, the amount of insurance liabilities net of deferred acquisition costs and related intangible assets is compared with the estimated present values of insurance contract cash flow at each reporting date. If the net book values are lower than the estimated present values, all insufficient amounts should be recognized in profit or loss.

b. Cathay Century and its subsidiaries

Cathay Century and its subsidiaries conduct liability adequacy testing at each balance sheet date based on product type groupings, employing the expected cost method. This assessment adheres to the actuarial practice standards issued by the Actuarial Institute of the Republic of China, utilizing current estimates of future cash flows from insurance contracts. If the evaluation indicates that the recognized insurance liabilities (net of related intangible assets) are insufficient, the shortfall is recognized as an expense for the period.

The liability adequacy testing conducted by Cathay Century and its subsidiaries does not incorporate discounting in its calculations.

Reserve for Insurance Contracts with the Nature of Financial Products

For non-separate account insurance products classified as financial instruments without discretionary participation features, the reserve should be recognized in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and depository accounting.

Reserve for Foreign Exchange Valuation

Cathay Life provides reserve for foreign exchange valuation according to all of its foreign investments in accordance with the Regulations Governing the Setting Aside of Various Reserve by Insurance Enterprises and Direction for Foreign Exchange Volatility Reserve by Life Insurance Enterprises.

Revenue and the Related Expenses Recognition

a. Cathay Life and its subsidiaries

- 1) For Cathay Life's insurance contracts and financial instruments with discretionary participation features, the initial and renewal premium are only recognized as revenue collection and underwriting procedures finished, and subsequent collection on the appointed dates, respectively. The relevant acquisition costs, such as commission expenses and underwriting expenses, are recognized as current expenses when the insurance contracts become effective.

For non-separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected is recognized as reserves for insurance contract with the nature of financial products on the balance sheet.

For separate account insurance products classified as financial instruments without discretionary participation features, the insurance premium collected net of preprocessing expense or investment management fees is entirely recognized as separate account insurance product liabilities on the balance sheet. The acquisition costs incurred due to investment management services for such insurance products, such as commissions and incremental costs directly attributable to the issue of new contracts, are deferred and recorded under deferred acquisition costs and amortized on a straight-line basis over the service period. The amortization is recognized under other operating costs.

2) Cathay Lujiazui Life

In accordance with the related accounting laws and regulations issued by the local government, Cathay Lujiazui Life records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

3) Cathay Life (Vietnam)

In accordance with the related accounting laws and regulations issued by the local government, Cathay Life (Vietnam) records direct premiums as revenue at premium received and invoices issued. Related expenses, such as commissions and underwriting fees, are recognized on an accrual basis.

b. Cathay United Bank and its subsidiaries

1) Recognition of interest revenue and expense

Except for the financial assets and liabilities at FVTPL, the interest revenue and interest expense arising from all interest-bearing financial instruments are calculated using the effective interest method in accordance with the relevant provisions and recognized in the consolidated statement of profit or loss under “interest revenue” and “interest expense” items.

2) Recognition of service fee revenue and expense

The service fee revenue and expense are recognized once after the completion of the provision of the loan or other services; the service fee earned by the execution of the major project is recognized at the completion of the major project, service fee revenue and expense related to subsequent lending services are either amortized over the service period or included in the calculation of the effective interest rate on loans and receivables.

3) Customer loyalty program

The points earned by customers under loyalty programs are treated as multiple-element revenue arrangements, in which consideration is allocated to the goods or services and the award credits based on their fair values. The consideration is not recognized as earnings at the time of the original sales transaction but at the time when the points are redeemed and the obligation is fulfilled.

c. Cathay Century and its subsidiaries

1) Insurance business revenue and acquisition costs

Direct premiums are recognized for all insurance policies underwritten and issued in current periods. Ceded reinsurance premiums are usually recognized as the billing statements delivered, and, on the balance sheet date, reinsurance premiums not yet received are accrued in a reasonable and systematic manner. Related acquisition costs are recognized in the same periods, including commission expenses, agency fees, service fees and reinsurance commission expenses.

Taxes on the insurance premiums are recognized pursuant to the Value-added and Non-value-added Business Tax Act and Stamp Tax Act on an accrual basis.

2) Insurance claims expenses

Claims and payments (including claim expenses) filed and paid pertaining to the direct insurance business are recognized as paid claims in current periods. For claims filed but not yet paid with determined amounts and those without determined amounts are recognized as net changes in loss reserve based on relevant information of each case by insurance type.

For direct insurance and ceding reinsurance, claims not yet filed are estimated based on past experience according to actuarial principles and recognized as net changes in loss reserve.

For claims to be recovered from the reinsurer under the reinsurance contract, claims and payments (including claim expenses) recoverable from reinsurers are recognized as claims recovered from reinsurers. For those of filed but not yet paid and not yet filed cases, claims and payments (including claim expenses) are recognized as net changes in loss reserve.

Provision for loss reserve is not discounted.

d. Cathay Securities and its subsidiaries

Allocates the transaction price to each performance obligations and recognizes revenue when performance obligations are satisfied after identifying customer contracts.

Revenue are mainly generated from brokerage, underwriting and advisory services. The services are based on stand-alone or negotiated pricing and provided based on the number of times services are provided. These services belong to the category where performance obligations are fulfilled at a point in time; thus, revenue is recognized when performance obligations are fulfilled.

Contract fees are generally collected evenly over the contract period following the provision of services. When services have been rendered but the right to receive consideration is conditional, a contract asset is recognized. However, for certain contracts in which a portion of the consideration is received from customers at the time of signing, a contract liability is recognized.

The above contract liability is usually transferred to income within one year and does not result in a significant financial component.

Classification of Insurance Products

An insurance contract refers to a contract where the insurer accepts the insurance policyholder's transfer of a significant insurance risk and agrees to compensate the policyholder for any damages caused by a particular uncertain future event (insured event). The Group's identification of a significant insurance risk refers to any insured event that occurs and causes the Group to incur additional significant payments.

Insurance contracts with features of financial instruments are contracts that transfer significant financial risks. Financial risks refer to the risks that the changes in one or more specific indicators may cause, including interest rates, financial commodity prices, product prices, exchange rates, price index, rate index, credit ratings and other indicators. If the above indicators are not financial, these indicators exist in both sides under the contracts.

For a policy that meets the definition of an insurance contract in the initial phase, it is treated as an insurance contract before the right of ownership and obligations expired or extinguished, even if the exposure to insurance risk during the policy period has significantly decreased. However, if an insurance contract with features of financial instruments transfers a significant insurance risk to the Group subsequently, the Group should reclassify the contract as an insurance contract.

Insurance contracts and those with features of financial instruments are further classified into separate categories depending on whether or not the contracts have discretionary participation features. Discretionary participation features refer to a contractual right to receive additional payments in addition to guaranteed payments from the contract. The contractual rights have the following characteristics:

- a. Additional payments may be a significant portion of total contractual benefits.
- b. The amounts or timing for additional payments are contractually at the Group's discretion.

- c. Additional payments are contractually based on one of the following matters:
 - 1) The performance on a specified combination of contracts or a specified type of contract.
 - 2) The investment returns on a specified combination of assets held by the Group.
 - 3) The profit or loss of the Group, funds, or other entities.

When the embedded derivative instrument has economic characteristics and risks not closely related to those of the primary contracts, it should be recorded separately from the primary contracts and measured at fair value with changes in fair values recognized in profit or loss when incurred. However, if the embedded derivative instrument meets the definition of an insurance contract or the whole contract is measured at fair value with changes in fair values recognized in profit or loss when incurred, the Group does not separately recognize the embedded derivative instrument and the insurance contract.

Reinsurance

In order to limit the possible losses caused by certain events, the Group arranges reinsurance business based on its business needs and related insurance regulations. For reinsurance of ceded businesses, the Group cannot refuse to fulfill its obligations to the insured when the reinsurer fails to fulfill its obligations.

The Group holds the rights over the reinsurer including reinsurance assets, claims and payments recoverable from reinsurers and net due from reinsurers and ceding companies, and regularly assesses if the rights are impaired or unrecoverable. If an objective evidence, which occurred after initial recognition of reinsurance assets, shows that the Group may not receive all amounts of receivables from the reinsurer and the unrecoverable amount can be reasonably estimated, the Group recognizes the difference between the recoverable amount of reinsurance assets and carrying value as an impairment loss.

For the classification of reinsurance contracts, the Group assesses whether or not such contracts transfer significant insurance risk to the reinsurer. If the reinsurance contract does not transfer a significant insurance risk to the reinsurer, the contract is recognized and measured in accordance with deposit accounting.

For a reinsurance contract that transfers a significant insurance risk, if the Group can measure its saving element separately, the insurance element and the saving element of the reinsurance contract are recognized separately. That is, the Group recognizes the contract premium received (or paid) less the amount of insurance as financial liabilities (or assets) rather than income (or expenses). The financial liabilities (or assets) are recognized at the fair values based on the present values of future cash flows.

Provisions

Provisions are recognized as a present obligation (legal or constructive) as a result of a past event with a probable outflow of resource required to settle the obligation, and the amount can be measured reliably.

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of each balance sheet date, taking into account the risks and uncertainty of the obligation.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and buildings elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment of whether it transfers substantially all risks and rewards incidental to ownership to the lessee. The lease payments are allocated between the land and the buildings elements with its relative fair values of the leasehold interests in each element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted separately in accordance with its lease classification. If the lease payments cannot be allocated reliably between land and building, the lease is classified as a finance lease unless it is clear that both elements are operating leases; in which case, the lease is classified as an operating lease.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate and penalty payments for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or

full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurements recognized in other comprehensive income are reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

d. Employee preferential interest rate deposits

Cathay United Bank offers preferential interest rate deposits for its current employees, which include preferential deposits and post-retirement preferential deposits for its current employees as well as preferential deposits for its retired employees, limited to a certain amount. The difference between the preferential interest rate and the market rate is considered as employee benefits.

In accordance with Article 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, the excess of the interests incurred in post-employment preferential interest deposits over those imputed at the market rate should qualify as post-employment benefits under IAS 19 "Employee Benefits" since the beneficiaries are retired employees. The retirement benefits should be accrued by actuarial method.

Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

a. Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

In accordance with Article 49 of the Financial Holding Company Act, the Company and its subsidiaries jointly filed income tax returns and surtax on unappropriated retained earnings since 2002 under the integrated income tax system with the Company as the taxpayer. Such effects on current tax and deferred tax are accounted for as receivables or payables.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all temporary differences and loss carryforwards which are probably deductible.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

The Group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

c. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, discount rates and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

a. Estimated impairment of financial assets

1) Cathay Life and its subsidiaries

The provisions for impairment of receivables, loans and investments in debt instruments are based on assumptions about probability of default and expected credit loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation based on historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, see Note 38.

2) Cathay United Bank and its subsidiaries

The estimated impairment of loans is made with reference to the collateral status of the credit assets, the amount of the principal and interest due, and the length of the overdue period. Changes in credit ratings on individual assets and the status of the collection are also considered during classification of the loans. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment assessment, based on the Group's historical experience, existing market conditions as well as forward looking estimates (i.e. probability of default and expected credit loss rates) as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 38.

b. Fair value measurements and valuation processes

Where some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group, in accordance with relevant regulations and judgments, determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Group or engaged valuers determine the appropriate inputs by referring to the analyses of the financial position and the operating results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities/market prices or rates and specific features of derivatives, the existing lease contracts and rentals of similar properties in the vicinity of the Group's investment properties. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 15 and 38.

c. Valuation of insurance contract liabilities

1) Cathay Life and its subsidiaries

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

The management examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates.

2) Cathay Century and its subsidiaries

Loss reserves are estimated for possible claims of both filed but not yet paid and not yet filed of all insurance contracts. Such estimates are made based on historical data, actuarial analysis, financing modeling and other analytical techniques and are adjusted when necessary; however, the actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand	\$ 24,206,068	\$ 30,871,761	\$ 23,116,880
Cash in banks	164,764,034	107,970,367	189,166,192
Time deposits	102,149,923	56,242,190	176,493,701
Checks for clearing	2,148,568	2,086,510	1,849,656
Cash equivalents	12,383,902	4,436,161	42,604,475
Due from banks	104,314,006	130,489,730	72,270,621
Less: Loss allowance	(156,221)	(172,595)	(81,698)
	<u>\$ 409,810,280</u>	<u>\$ 331,924,124</u>	<u>\$ 505,419,827</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets mandatorily classified as at FVTPL</u>			
Stocks	\$ 532,233,500	\$ 536,998,231	\$ 394,429,747
Funds and beneficiary certificates	883,933,537	852,368,978	789,799,285
Government bonds	19,919,711	14,975,857	7,686,053
Corporate bonds	31,528,058	22,952,745	12,134,456
Financial debentures	64,675,019	51,637,639	60,029,741
Overseas bonds	327,692,124	326,923,712	324,584,178
Short-term notes	191,952,611	108,533,551	93,345,337
Futures trading margin	143,672	1,435,616	1,439,210
Structured time deposits	14,201,930	13,966,047	13,953,684
Derivative instruments	<u>79,500,266</u>	<u>100,002,495</u>	<u>124,815,120</u>
	<u>\$ 2,145,780,428</u>	<u>\$ 2,029,794,871</u>	<u>\$ 1,822,216,811</u>

Financial liabilities at FVTPL

Designated as at FVTPL			
Bonds	\$ 40,226,719	\$ 42,151,047	\$ 41,827,101
Held for trading			
Derivative instruments	95,548,656	160,407,697	84,062,000
Security lending payable (non-hedging)	164,831	1,437,825	1,164,819
Security lending payable (hedging)	<u>29,117</u>	<u>1,870</u>	<u>2,665</u>
	<u>\$ 135,969,323</u>	<u>\$ 203,998,439</u>	<u>\$ 127,056,585</u>

a. The Group elected to present the profit or loss of the designated financial assets using the overlay approach under IFRS 4 “Insurance Contracts”. Financial assets designated for the overlay approach by the Group for investing activities relating to insurance contracts issued by the Group are as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets mandatorily classified as at FVTPL</u>			
Stocks	\$ 522,453,147	\$ 523,740,270	\$ 382,675,437
Funds and beneficiary certificates	844,351,350	841,553,516	750,168,809
Financial debentures	20,986,181	20,678,808	20,591,410
Overseas bonds	327,180,758	326,747,980	324,411,881
Structured time deposits	<u>14,201,930</u>	<u>13,966,047</u>	<u>13,953,684</u>
	<u>\$ 1,729,173,366</u>	<u>\$ 1,726,686,621</u>	<u>\$ 1,491,801,221</u>

Reclassifications from profit or loss to other comprehensive income of the financial assets designated to apply overlay approach for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024 are as below:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Gain due to application of IFRS 9 to profit or loss	\$ 128,120,028	\$ 34,090,130	\$ 73,590,256	\$ 164,374,617
Gain if applying IAS 39 to profit or loss	(42,679,497)	(39,045,882)	(104,634,271)	(129,595,430)
Loss (gain) reclassified due to application of overlay approach	\$ 85,440,531	\$ (4,955,752)	\$ (31,044,015)	\$ 34,779,187

Due to application of overlay approach, the amounts of gain and loss on financial assets and liabilities at FVTPL for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024 had decreased from gain of \$44,672,411 thousand to loss of \$40,768,120 thousand, increased from gain of \$105,627,222 thousand to gain of \$110,582,974 thousand, increased from gain of \$210,474,979 thousand to gain of \$241,518,994 thousand and decreased from gain of \$50,369,755 thousand to gain of \$15,590,568 thousand, respectively.

b. Financial liabilities designated as at FVTPL

In September 2014, Cathay United Bank was authorized to issue subordinated financial debentures amounting to US\$990 million; as of October 8, 2014, the issued subordinated financial debentures amounted to US\$660 million (perpetual) and US\$330 million (fifteen years) with a fixed interest rate of 5.10% and 4.00%, respectively, and the interest is payable annually. Cathay United Bank is authorized by the authorities to redeem the bonds at US\$660 million of bonds value after 12 years and after fulfilling the specified conditions.

In March 2017, Cathay United Bank was authorized to issue unsubordinated financial debentures amounting to US\$300 million (thirty years), which were subsequently issued on November 24, 2017. In addition to the redemption of bonds by the exercise of call options, the bonds are redeemable on maturity; the bonds were issued in the form of zero-coupon bonds, and the internal rate of return is 4.10%.

Cathay United Bank converted fixed interest rates into floating interest rates with interest rate swap contracts to hedge against the fair value risk resulting from interest rate fluctuations. For the nine months ended September 30, 2025 and 2024, such interest rate swaps were valued with a net profit of \$2,630,648 thousand and \$1,797,694 thousand, respectively.

- c. As of September 30, 2025, December 31, 2024 and September 30, 2024, no bonds from financial assets measured at fair value through profit or loss had been sold under repurchase agreements.
- d. As of September 30, 2025, Cathay Securities and its subsidiaries sold certain financial assets at FVTPL under repurchase agreements with notional amount of \$473,013 thousand.
- e. Refer to Note 31 for the financial assets at FVTPL that were pledged as collateral.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2025	December 31, 2024	September 30, 2024
Investments in equity instrument at FVTOCI			
Stocks	\$ 170,419,680	\$ 191,008,412	\$ 176,473,990
Investments in debt instrument at FVTOCI			
Government bonds	173,114,558	176,895,650	150,024,336
Corporate bonds	100,057,842	99,145,838	93,192,477
Financial debentures	44,277,451	58,034,097	59,551,588
Overseas bonds	640,347,750	485,102,692	462,148,700
Asset-backed securities	30,822,635	30,790,555	20,839,126
Negotiable certificates of deposits	10,250,908	6,014,913	11,954,229
Less: Litigation deposits	(45,989)	(44,824)	(42,215)
Less: Deposits to the Central Bank	(2,112,301)	(2,010,987)	(2,063,398)
Less: Derivative collateral	(2,519,232)	(11,994,707)	-
	<u>994,193,622</u>	<u>841,933,227</u>	<u>795,604,843</u>
	<u>\$ 1,164,613,302</u>	<u>\$ 1,032,941,639</u>	<u>\$ 972,078,833</u>

- a. These investments in equity instruments are not held for trading and thus were designated as financial assets at FVTOCI.
- b. Dividend income recognized relating to investments in equity instruments at FVTOCI for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024 were \$5,716,526 thousand, \$6,024,346 thousand, \$8,069,202 thousand and \$7,290,701 thousand, respectively. Those related to investment derecognized for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024 were \$603,477 thousand, \$1,422,759 thousand, \$1,078,402 thousand and \$1,491,893 thousand, respectively.
- c. In consideration of the investment strategy, the Group sold equity instruments at FVTOCI at fair values of \$77,009,461 thousand and \$48,194,515 thousand at the time of sale, and transferred unrealized gain of \$4,334,923 and gain of \$2,911,941 thousand from other equity to retained earnings for the nine months ended September 30, 2025 and 2024, respectively.
- d. As of September 30, 2025, December 31, 2024 and September 30, 2024, certain financial assets at FVTOCI of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$1,487,300 thousand, \$8,862,877 thousand and \$11,094,914 thousand, respectively. The proceeds amounting to \$1,651,818 thousand, \$7,657,552 thousand and \$10,433,088 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$1,656,359 thousand, \$7,726,277 thousand and \$10,509,592 thousand before the end of March 2026, June 2025 and March 2025, respectively.
- e. As of September 30, 2025 and 2024, Cathay United Bank and its subsidiaries had no domestic listed shares lent under securities lending agreements from equity instrument investments measured at FVTOCI. As of December 31, 2024, investments in equity instruments at FVTOCI of Cathay United Bank and its subsidiaries had been loaned out under security lending agreements with the fair value of \$135,038 thousand. In accordance with the terms of the agreements, the equities are scheduled to be returned by the end of June 2025.
- f. As of September 30, 2025, December 31, 2024 and September 30, 2024, Cathay Securities and its subsidiaries sold certain debt instruments at FVTOCI - current under repurchase agreements with notional amounts of \$12,539,327 thousand, \$11,707,484 thousand and \$9,990,987 thousand, respectively.

g. Refer to Note 38 for information relating to the credit risk management and impairment of debt instruments at FVTOCI.

9. DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits	\$ 31,075,126	\$ 34,391,633	\$ 12,798,965
Financial debentures	75,319,229	112,357,284	113,884,377
Corporate bonds	52,739,987	55,438,151	53,472,603
Government bonds	62,837,610	71,638,017	71,683,544
Overseas bonds	3,916,324,646	4,270,578,807	4,129,571,546
Financial asset beneficiary certificates	746,853	1,792,000	1,792,000
Asset-backed securities	86,656,232	74,591,605	72,334,967
Short-term notes	514,225,000	332,120,275	266,963,719
Less: Guarantee deposits	(23,254,829)	(23,267,646)	(1,495,793)
Less: Deposits in the Central Bank	(7,449,776)	(7,455,267)	(7,457,108)
Less: Derivative collateral	(4,332,628)	(13,456,870)	-
Less: Loss allowance (Note)	<u>(3,566,997)</u>	<u>(3,706,851)</u>	<u>(3,448,504)</u>
	<u>\$ 4,701,320,453</u>	<u>\$ 4,905,021,138</u>	<u>\$ 4,710,100,316</u>

Note: Loss allowance for guarantee deposits paid in bonds is not included. As of September 30, 2025, December 31, 2024 and September 30, 2024, the amounts were \$5,038 thousand, \$6,686 thousand and \$680 thousand, respectively.

- For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the Group redeemed of bonds before maturity due to early redemptions, which resulted in gains on redeem of \$0 thousand, \$0 thousand, \$64 thousand and \$0 thousand, respectively; disposed of bonds before maturity due to increase in credit risk, which resulted in losses on disposal of \$7,047 thousand, \$782,528 thousand, \$7,047 thousand and \$1,380,538 thousand, respectively; disposal of bonds close to maturity with proceeds that approximate remaining contractual cash flows, which resulted in losses on disposal of \$0 thousand, \$0 thousand, \$8,640 thousand and \$0 thousand, respectively; disposal of bonds before maturity because of infrequent sales or sales insignificant in value (either individually or in aggregate) resulted in gains on disposal of \$20,722 thousand, \$210,419 thousand, \$2,643,476 thousand and \$991,852 thousand, respectively; disposal of bonds due to other conditions such as repayments at maturities resulted in losses on disposal of \$150,925 thousand, \$95,870 thousand, \$720,622 thousand and \$195,728 thousand, respectively.
- As of September 30, 2025, no bonds from financial assets measured at financial assets at amortized cost had been sold under repurchase agreements. As of December 31, 2024 and September 30, 2024, certain financial assets at amortized cost of Cathay United Bank and its subsidiaries were sold under repurchase agreements with notional amounts of \$4,917,150 thousand and \$6,792,024 thousand, respectively. The proceeds amounting to \$3,284,814 thousand and \$4,647,786 thousand, respectively, were recorded as notes and bonds sold under repurchase agreements and were repurchased for \$3,338,746 thousand and \$4,687,660 thousand before the end of March 2025 and November 2024, respectively.
- Refer to Note 31 for information relating to debt instruments at amortized cost pledged as collateral.
- Refer to Note 38 for information relating to the credit risk management and impairment of debt instruments at amortized cost.

10. RECEIVABLES, NET

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable	\$ 468,149	\$ 542,103	\$ 436,699
Accounts receivable	133,251,772	129,615,553	122,050,740
Interest receivables	75,413,681	75,487,383	72,600,600
Acceptances	1,533,619	1,241,043	909,440
Factoring receivables	6,042,248	4,242,447	5,815,556
Others	<u>120,469,032</u>	<u>102,851,631</u>	<u>104,732,154</u>
	337,178,501	313,980,160	306,545,189
Less: Loss allowance	<u>(7,775,237)</u>	<u>(7,161,425)</u>	<u>(6,577,097)</u>
	<u><u>\$ 329,403,264</u></u>	<u><u>\$ 306,818,735</u></u>	<u><u>\$ 299,968,092</u></u>

a. The Group set aside an appropriate loss allowance for receivables and the movements of loss allowance for receivables were as follows:

For the nine months ended September 30, 2025

	12-month Expected- credit Losses	Lifetime Expected- credit Losses (Collectively Assessed)	Lifetime Expected- credit Losses (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Beginning balance	\$ 685,139	\$ 409,352	\$ 1,819,915	\$ 2,914,406	\$ 73,353	\$ 2,987,759
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(20,494)	221,104	(2,939)	197,671	-	197,671
Transferred to credit- impaired financial assets	(23,843)	(122,922)	772,489	625,724	-	625,724
Transferred to 12-month ECLs	11,629	(85,665)	(2,190)	(76,226)	-	(76,226)
Derecognition of financial assets in the period	(346,375)	(160,605)	(358,815)	(865,795)	-	(865,795)
New financial assets purchased or originated	316,570	94,380	427,632	838,582	-	838,582
Difference from impairment charged in accordance with applicable laws and regulations	-	-	-	-	8,567	8,567
Written off as bad debt expense	-	-	(940,759)	(940,759)	-	(940,759)
Effects of exchange rate changes and others	67,051	13,008	22,091	102,150	-	102,150
Ending balance	<u>\$ 689,677</u>	<u>\$ 368,652</u>	<u>\$ 1,737,424</u>	<u>\$ 2,795,753</u>	<u>\$ 81,920</u>	<u>\$ 2,877,673</u>

For the nine months ended September 30, 2024

	12-month Expected- credit Losses	Lifetime Expected- credit Losses (Collectively Assessed)	Lifetime Expected- credit Losses (Neither Purchased Nor Originated Credit- impaired Financial Assets)	Impairment Loss under IFRS 9	Difference from Impairment Charged in Accordance with Applicable Laws and Regulations	Total
Beginning balance	\$ 565,354	\$ 393,971	\$ 1,730,384	\$ 2,689,709	\$ 57,255	\$ 2,746,964
Changes of financial instruments recognized at the beginning of the current reporting period						
Transferred to Lifetime ECLs	(21,959)	232,773	(2,877)	207,937	-	207,937
Transferred to credit-impaired financial assets	(30,597)	(112,985)	804,635	661,053	-	661,053
Transferred to 12-month ECLs	8,776	(85,562)	(1,858)	(78,644)	-	(78,644)
Derecognition of financial assets in the period	(295,296)	(147,268)	(283,636)	(726,200)	-	(726,200)
New financial assets purchased or originated	295,730	113,853	357,974	767,557	-	767,557
Difference from impairment charged in accordance with applicable laws and regulations	-	-	-	-	17,283	17,283
Written off as bad debt expense	-	-	(840,558)	(840,558)	-	(840,558)
Effects of exchange rate changes and others	62,976	11,627	49,909	124,512	-	124,512
Ending balance	<u>\$ 584,984</u>	<u>\$ 406,409</u>	<u>\$ 1,813,973</u>	<u>\$ 2,805,366</u>	<u>\$ 74,538</u>	<u>\$ 2,879,904</u>

b. Loss allowance for other receivables is provided by simplified approach and the reconciliation was as follows:

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 4,173,666	\$ 2,597,513
Provision for the period	724,239	1,103,621
Amounts written off	(433)	(3,960)
Amounts recovered	97	55
Foreign exchange	(5)	(36)
Ending balance	<u>\$ 4,897,564</u>	<u>\$ 3,697,193</u>

c. Refer to Note 38 for information relating to the impairment of receivable.

11. DISCONTINUED OPERATIONS

On July 6, 2023, Cathay Life's board of directors resolved to dispose of all the shares of Conning Holdings Limited and its subsidiaries previously held by Cathay Life to Generali Investments Holding S.p.A. in exchange for approximately 16.75% of its shareholding. The transaction was approved by the Financial Supervisory Commission (FSC) and the Department of Investment Review, Ministry of Economic Affairs (MOEA) on December 21, 2023 and February 29, 2024, respectively, and the disposal was completed on April 3, 2024.

The above transaction met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, the related profit or loss related to the disposal of Conning Holdings Limited was expressed as profit or loss from discontinued operations.

The details of profit from discontinued operations and the related cash flow information were as follows:

	January 1 to April 3, 2024
Net income	\$ 2,442,660
Operating expense	<u>(2,227,532)</u>
Profit before tax	215,128
Income tax expense	<u>(88,037)</u>
Profit from discontinued operations before elimination	127,091
Elimination of transactions with related parties	<u>(351,425)</u>
Loss before tax	<u>(224,334)</u>
Gain on disposals	2,636,994
Income tax expense	<u>(1,402,695)</u>
Profit from discontinued operations	<u><u>\$ 1,009,965</u></u>
Profit from discontinued operations attributable to:	
Owners of the Company	\$ 959,047
Non-controlling interests	<u>50,918</u>
	<u><u>\$ 1,009,965</u></u>
	January 1 to April 3, 2024
Cash flows	
Operating activities	\$ (226,514)
Investing activities	<u>(18,222)</u>
Financing activities	<u>(280,487)</u>
Effects of exchanges on cash and cash equivalents	<u>(815,782)</u>
Net cash outflows	<u><u>\$ (1,341,005)</u></u>

12. DISCOUNTS AND LOANS, NET

	September 30, 2025	December 31, 2024	September 30, 2024
Export negotiations	\$ 1,139,996	\$ 1,735,106	\$ 1,785,658
Loans	3,257,175,096	3,118,914,999	3,027,709,630
Discounts and overdrafts	1,056,529	1,193,839	1,153,261
Overdue loans	<u>9,217,970</u>	<u>8,731,141</u>	<u>9,532,264</u>
	3,268,589,591	3,130,575,085	3,040,180,813
Less: Loss allowance	<u>(50,972,404)</u>	<u>(48,896,179)</u>	<u>(47,586,045)</u>
	<u><u>\$ 3,217,617,187</u></u>	<u><u>\$ 3,081,678,906</u></u>	<u><u>\$ 2,992,594,768</u></u>

- a. As of September 30, 2025, the gross amount of domestic discounts and loans belonging to Cathay United Bank amounted to \$2,613,825,218 thousand and the allowance loss amounted to \$42,053,630 thousand.
- b. As of September 30, 2025, December 31, 2024 and September 30, 2024, the balances of nonaccrual loans to Cathay United Bank and its subsidiaries were \$7,710,253 thousand, \$6,966,405 thousand and \$7,633,430 thousand, respectively. For the nine months ended September 30, 2025 and 2024, Cathay United Bank and its subsidiaries had no credit re-sold without completing the required legal procedures.
- c. Refer to Note 38 for information relating to the credit risk management and impairment of discounts and loans.

13. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)			Notes
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Cathay Life	Life insurance	100.00	100.00	100.00	
The Company	Cathay United Bank	Banking	100.00	100.00	100.00	
The Company	Cathay Century	Property insurance	100.00	100.00	100.00	
The Company	Cathay Securities	Security	100.00	100.00	100.00	
The Company and Cathay Life	Cathay Venture	Venture capital	100.00	100.00	100.00	
The Company	Cathay Securities Investment Trust	Entrusted investments	100.00	100.00	100.00	
Cathay Life	Cathay Lujiazui Life	Life insurance	50.00	50.00	50.00	
Cathay Life	Cathay Life (Vietnam)	Life insurance	100.00	100.00	100.00	
Cathay Life	Lin Yuan (Shanghai) Real Estate Co., Ltd. ("Lin Yuan")	Office leasing	100.00	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Woolgate Exchange Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 1 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Walbrook Holding 2 Limited	Real estate investment and management	100.00	100.00	100.00	
Cathay Life	Cathay Industrial Research and Design Center Co., Ltd. ("Cathay Industrial R&D Center")	Real estate-related business	99.00	99.00	99.00	
Cathay Life	Cathay Power Inc. ("Cathay Power")	Energy technical services	70.00	70.00	70.00	
Cathay Life	Cathaylife Singapore Pte. Ltd.	Holding company	100.00	100.00	-	Note 1
Cathay Life	Cathay Wind Power Holdings CO., LTD. ("Cathay Wind Power Holdings")	Energy technical services	99.00	99.00	-	Note 2
Cathay Power	SUNRISE PV ONE CO., LTD. ("SUNRISE PV ONE")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Two Co., Ltd. ("Cathy Sunrise Two")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Bai Yang Energy Co., Ltd. ("Bai Yang Energy")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathy Sunrise Electric Power Two Co., Ltd. ("Cathy Sunrise Electric Power Two")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Hong Cheng Sing Tech. Co., Ltd. ("Hong Cheng Sing Tech")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Shen Lyu Co., Ltd. ("Shen Lyu")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Nan Yang Power Co., Ltd. ("Nan Yang Power")	Energy technical services	80.00	80.00	80.00	
Cathay Power	CM Energy Co., Ltd. ("CM Energy")	Energy technical services	97.00	70.00	70.00	
Cathay Power	Neo Cathay Power Corp. ("Neo Cathay Power")	Energy technical services	100.00	100.00	100.00	
Cathay Power	Cathay Wind Power Holdings CO., LTD. ("Cathay Wind Power Holdings")	Energy technical services	1.00	1.00	100.00	
SUNRISE PV ONE	Shu Guang Energy Co., Ltd. ("Shu Guang Energy")	Energy technical services	70.00	70.00	70.00	
CM Energy	Hong Tai Energy Co., Ltd. ("Hong Tai Energy")	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Energy Co., Ltd. ("Tian Ji Energy")	Energy technical services	100.00	100.00	100.00	
CM Energy	Tian Ji Power Co., Ltd. ("Tian Ji Power")	Energy technical services	100.00	100.00	100.00	
Hong Tai Energy	Hong Tai Power Co., Ltd. ("Hong Tai Power")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Si Yi Co., Ltd. ("Si Yi")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Da Li Energy Co., Ltd. ("Da Li")	Energy technical services	100.00	100.00	100.00	
Neo Cathay Power	Yong Han Co., Ltd. ("Yong Han")	Energy technical services	100.00	100.00	100.00	
Cathay Wind Power Holdings	Cathay Wind Power Co., Ltd. ("Cathay Wind Power")	Energy technical services	100.00	100.00	100.00	
Cathay Century	Cathay Insurance (Vietnam) Co., Ltd. ("Cathay Insurance (Vietnam)")	Property insurance	100.00	100.00	100.00	
Cathay United Bank	Indovina Bank Limited ("Indovina Bank")	Banking	50.00	50.00	50.00	
Cathay United Bank	Cathay United Bank (Cambodia) Corporation Limited ("CUBC Bank")	Banking	100.00	100.00	100.00	
Cathay United Bank	Cathay United Bank (China) Co., Ltd. ("CUBCN Bank")	Banking	100.00	100.00	100.00	
CUBC Bank	CUBC Investment Co., LTD. (CUBC-I)	Investment service	49.00	49.00	49.00	
Cathay Securities	Cathay Futures Co., Ltd. ("Cathay Futures")	Futures services	99.99	99.99	99.99	
Cathay Securities	Cathay Securities (Hong Kong) Limited. ("Cathay Securities (Hong Kong)")	Securities-related businesses	100.00	100.00	100.00	
Cathay Securities (Hong Kong)	Cathay Capital (Asia) Limited ("Cathay Capital (Asia)")	Investment service	100.00	100.00	100.00	
Cathay Securities Investment Trust	Cathay Private Equity Co., Ltd. ("Cathay Private Equity")	Private equity	100.00	100.00	100.00	

Note 1: Cathaylife Singapore Pte. Ltd.'s establishment was approved by the Singaporean authorities on June 5, 2024. Cathay Life injected a capital of US\$30 million into the subsidiary on July 3, 2024.

Note 2: Cathay Wind Power Holdings was originally held by Cathay Power, Cathay Life completed a capital increase in Cathay Wind Power Holdings on October 29, 2024, raising its ownership interest to 99%.

Note 3: On June 26, 2025, Cathay Power acquired a 27% equity interest in CM Energy, thereby raising its shareholding ratio from 70% to 97%.

Note 4: Cathay Wind Power was wholly owned by Cathay Wind Power Holdings on January 12, 2024.

Note 5: Cathay United Bank (Cambodia) Corporation Limited has completed the registration of its English name change to 'Cathay United Bank (Cambodia) PLC.' The change was approved by the Financial Supervisory Commission and the relevant local authorities, and became effective on April 1, 2025.

Note 6: CUBC Bank substantially controls over CUBC-I's operations and the composition of its board of directors with 49% ownership through proxy agreements with the remaining shareholders and holding 100% of economic benefit, therefore listing as a subsidiary of CUBC Bank.

b. Subsidiaries excluded from the consolidated financial statements

Investors	Subsidiary	Nature of Business	Percentage of Ownership Interest (%)			Notes
			September 30, 2025	December 31, 2024	September 30, 2024	
Cathay Life	Cathay Securities Investment Consulting Co., Ltd. ("Cathay Securities Investment Consulting")	Security investment consulting services	100.00	100.00	100.00	

The consolidated financial statements did not include the above-mentioned subsidiary because its total assets and operating revenue were insignificant to the total assets and operating revenue of the Group.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	September 30, 2025	December 31, 2024	September 30, 2024
Investments in unconsolidated subsidiaries	\$ 638,923	\$ 712,380	\$ 670,017
Investments in associates	57,445,395	57,964,888	57,885,346
Investments in joint ventures	4,273,325	4,268,636	481,567
	<u>\$ 62,357,643</u>	<u>\$ 62,945,904</u>	<u>\$ 59,036,930</u>

a. Investments in unconsolidated subsidiaries

	September 30, 2025	December 31, 2024	September 30, 2024
Cathay Securities Investment Consulting	<u>\$ 638,923</u>	<u>\$ 712,380</u>	<u>\$ 670,017</u>

b. Investments in associates

	September 30, 2025	December 31, 2024	September 30, 2024
Generali Investments Holding S.p.A.	\$ 24,461,842	\$ 23,779,664	\$ 23,496,260
Rizal Commercial Banking Corporation	18,927,231	19,646,158	19,542,159
Cathay Insurance Company Limited (China)	5,087,863	5,017,361	5,130,419
Taiwan Finance Corp.	1,744,959	1,716,837	1,710,548
CMG International Two Co., Ltd.	1,740,812	1,749,106	1,749,304
CMG International One Co., Ltd.	1,532,169	1,539,734	1,539,934
PSS Co., Ltd.	1,396,566	1,388,154	1,350,081
Ding Teng Co., Ltd.	977,972	959,772	950,314
TaiYang Solar Power Co., Ltd.	620,045	597,190	595,698
Dasheng IV Venture Capital Co., Ltd.	323,115	360,894	594,265
ThrivEnergy Co., Ltd.	211,480	205,343	212,930
Dasheng Venture Capital Co., Ltd.	136,664	331,037	336,507
Taiwan Real-estate Management Corp.	104,010	104,036	102,525
BSCOM Cathay Asset Management Co., Ltd.	93,121	220,915	226,591
Lin Yuan Property Management Co., Ltd.	87,546	83,903	65,184
Tien-Tai Optronics Corporation	-	132,268	132,561
Tien-Tai II Optoelectronics Co., Ltd.	-	129,872	129,513
Tien-Tai Management Consulting Co., Ltd.	-	2,644	3,355
Southern Electricity Corp.	-	-	17,198
	<u>\$ 57,445,395</u>	<u>\$ 57,964,888</u>	<u>\$ 57,885,346</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
The Group's share of:				
Net income	\$ 743,139	\$ 650,178	\$ 2,244,532	\$ 1,581,865
Other comprehensive income (loss)	<u>169,428</u>	<u>895,385</u>	<u>(1,118,679)</u>	<u>904,426</u>
Total comprehensive income for the period	<u>\$ 912,567</u>	<u>\$ 1,545,563</u>	<u>\$ 1,125,853</u>	<u>\$ 2,486,291</u>

c. Investments in joint ventures

	September 30, 2025	December 31, 2024	September 30, 2024
Greater Changhua NW Holdings Ltd.	\$ 3,779,372	\$ 3,756,348	\$ -
Syphox Information Co., Ltd.	<u>493,953</u>	<u>512,288</u>	<u>481,567</u>
	<u>\$ 4,273,325</u>	<u>\$ 4,268,636</u>	<u>\$ 481,567</u>

Aggregate information of joint ventures that are not individually material

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
The Group's share of:				
Net loss	\$ (58,964)	\$ (11,173)	\$ (85,944)	\$ (29,785)
Other comprehensive income (loss)	<u>3,254</u>	<u>(7)</u>	<u>1,861</u>	<u>5,042</u>
Total comprehensive loss for the period	<u><u>\$ (55,710)</u></u>	<u><u>\$ (11,180)</u></u>	<u><u>\$ (84,083)</u></u>	<u><u>\$ (24,743)</u></u>

As the individual associates and joint ventures are not significant, the related financial information is disclosed aggregately. The amounts of the share of profit or loss and other comprehensive income (loss) of associates and joint ventures were based on non-reviewed financial statements.

The investments in associates were not pledged as collateral. For the amount of borrowings secured by investments in joint ventures, refer to Note 31.

15. INVESTMENT PROPERTY

	Land	Buildings	Investment Property Under Construction	Prepayments for Buildings and Land - Investments	Total
Balance on January 1, 2024	\$ 323,264,818	\$ 125,249,682	\$ 8,983,487	\$ 4,188,723	\$ 461,686,710
Additions	-	-	8,616,505	3,978,903	12,595,408
Disposals	(7,053)	(4,727)	-	-	(11,780)
Other reclassification	3,305,521	4,153,491	(591,796)	(6,870,713)	(3,497)
Gain on changes in fair value of investment property	2,001,414	240,425	-	-	2,241,839
Foreign exchange	852,949	1,652,650	343,812	239,457	3,088,868
Others (Note)	<u>(33,693)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,693)</u>
Balance on September 30, 2024	<u><u>\$ 329,383,956</u></u>	<u><u>\$ 131,291,521</u></u>	<u><u>\$ 17,352,008</u></u>	<u><u>\$ 1,536,370</u></u>	<u><u>\$ 479,563,855</u></u>
Balance on January 1, 2025	\$ 330,295,581	\$ 134,960,297	\$ 14,779,174	\$ 1,097,313	\$ 481,132,365
Additions	-	-	7,467,576	550,944	8,018,520
Disposals	(35,444)	(62,521)	-	-	(97,965)
Other reclassification	100	159,917	90,252	(310,742)	(60,473)
Gain on changes in fair value of investment property	7,109,452	652,688	-	-	7,762,140
Foreign exchange	(65,203)	(393,738)	(4,576)	(3,676)	(467,193)
Others (Note)	<u>(22,462)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,462)</u>
Balance on September 30, 2025	<u><u>\$ 337,282,024</u></u>	<u><u>\$ 135,316,643</u></u>	<u><u>\$ 22,332,426</u></u>	<u><u>\$ 1,333,839</u></u>	<u><u>\$ 496,264,932</u></u>

Note: Others are mainly compensation for urban renewal and demolition.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Rental income from investment properties	\$ 3,221,006	\$ 2,963,882	\$ 9,641,247	\$ 9,094,416
Direct operating expenses from investment properties that generate rental income	(127,051)	(168,029)	(599,077)	(597,669)
Direct operating expenses from investment properties that do not generate rental income	<u>(101,257)</u>	<u>(62,573)</u>	<u>(277,733)</u>	<u>(149,743)</u>
	<u><u>\$ 2,992,698</u></u>	<u><u>\$ 2,733,280</u></u>	<u><u>\$ 8,764,437</u></u>	<u><u>\$ 8,347,004</u></u>

- a. Certain properties are held to earn rental or for capital appreciation, and the others are held for owner occupation. If each component of a property could be sold separately, it is classified as investment property or property and equipment individually. If each component could not be sold separately, it would be classified as investment property only when owner occupation is lower than 5% of the property.
- b. As of September 30, 2025, the investment properties belonging to Cathay Life amounted to \$426,881,620 thousand. Investment properties are held mainly for lease business. All the lease agreements are operating leases and the primary terms of the lease agreements are the same as general lease agreements. Rents from investment property are received annually, semi-annually, quarterly, monthly or in one lump sum.
- c. The ownership of the Group's investment properties is not subject to restrictions other than the restriction associated with being furnished as security for other's debts; the ownership of its trust property is not subject to restrictions. Besides, the Group is not involved in any situations that violate Subparagraph 2, Paragraph 3 of Article 11-2 of Regulations Governing Foreign Investments by Insurance Companies.
- d. Valuation on the investment property of Cathay Life and its subsidiaries has been carried out by the following appraisers of the joint appraisal firms that meet the qualification requirements for real estate appraisers in the R.O.C., with valuation dates on June 30, 2025, December 31, 2024 and June 30, 2024. The appraisers reviewed the original valuation reports issued on the aforementioned valuation dates and clarified that the valuation reports were still valid as of September 30, 2025 and 2024, respectively.

Due to the significant changes in cash flows caused by the increases or decreases in building leases, the completion of investment properties, or the acquisition of investment properties, the appraisers conducted evaluations and issued updated formal appraisal reports as of September 30, 2025.

Name of Appraiser Firms	September 30, 2025	June 30, 2025	December 31, 2024	June 30, 2024
DTZ Real Estate Appraiser Firm	Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu	Chang-da, Yang; Gen-yuan, Li; Chia-ho, Tsai; Chun-chun, Hu
Savills plc Real Estate Appraiser Firm	-	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-yeh, Wu; Shih-yu, Yeh	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-yeh, Wu; Shih-yu, Yeh	Yi-zhi, Zhang; Hong-kai, Zhang; Cheng-yeh, Wu;
REPro Knight Frank Real Estate Appraiser Firm	-	Yu-hsiang, Tsai; Hsiang-yi, Hsu	Yu-hsiang, Tsai; Hsiang-yi, Hsu	Yu-hsiang, Tsai; Hsiang-yi, Hsu
V-LAND Real Estate Appraiser Firm	-	Tai-li, Li; Xi-zhong, Wang	Tai-li, Li; Xi-zhong, Wang	Tai-li, Li; Xi-zhong, Wang
Shang-shang Real Estate Appraiser Firm	Hong-yuan, Wang	Yu-chi, Liang; Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang	Wei-zhi, Wang; Hong-yuan, Wang; Jian-hao, Huang
Sinyi Real Estate Appraiser Firm	-	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Liang-an, Ji; Wen-zhe, Cai; Shi-ming, Wang	Wei-xin, Chi; Wen-zhe, Cai; Shi-ming, Wang
Elite Real Estate Appraiser Firm	-	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan; Shen-hao, Chen	Yu-lin, Chen; Yi-huei, Luo; Siou-ying, Jhan
CBRE Real Estate Appraiser Firm	-	Fu-xue, Shi; Zhi-jia, Zhang	Fu-xue, Shi	Fu-xue, Shi; Zhi-jia, Zhang
China Credit Information Service Ltd.	-	-	-	Zhi-hao, Wu; Wei-ru, Li
LinkU Real Estate Appraisal and Consulting Services	-	-	-	Lin-yu, Lian;
Colliers International Real Estate Appraisal Firm	-	Jian-huei, Gu	Jian-huei, Gu	Feng-ru, Ke; Jian-huei, Gu

On May 11, 2020, the Insurance Bureau of the FSC issued Jin Guan Bao Tsai No. 10904917641 to amend some of the provisions of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, which should be applied in the preparation of the financial report beginning in the first quarter of 2020. However, the Cathay Life’s investment properties were mainly recognized at fair value subsequent to initial recognition before the amendment issued on May 11, 2020, and according to the amendment, the previously adopted appraisal approaches are applied for such assets to maintain the consistency and comparability of the financial reports for the years before and after the amendment.

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include sales comparison approach, income approach - direct capitalization method, income approach - discounted cash flow method, cost approach and the method of land development analysis. Commercial office buildings and residences are mainly valued by sales comparison approach and income approach because of the market liquidity and comparable sales and rental cases in the neighboring areas. Hotels, department stores and marketplaces are mainly valued by income approach - direct capitalization method and income approach - discounted cash flow method because of the stable rental income in the long term. Industrial plants for lease are valued by sales comparison approach and cost approach. Wholesale stores located in industrial districts are valued by cost approach since the buildings are constructed for specific purposes because fewer similar transactions could be referred to in the market. Vacant land and buildings under construction of logistics parks located in industrial and commercial integrated district are valued by cost approach. Land under construction with building permit is valued by comparison approach and land development analysis. Urban renewal land under construction with building permit is valued based by comparison approach and income approach based on the allocated real estates (office buildings, hotels, etc.) under the urban renewal program.

The main inputs used are as follows:

	September 30, 2025	June 30, 2025	December 31, 2024	June 30, 2024
Direct capitalization rates (net)	-	0.57%-6.74%	0.56%-6.23%	0.56%-5.50%
Discount rates	3.47%	2.82%-4.63%	2.82%-4.63%	2.82%-4.63%

External appraisers use market extraction method, search several comparable properties which are identical with or similar to the subject property, consider the liquidity risk and risk premium when disposed of in the future, to decide the direct capitalization rate and discount rate. The discount rates for the properties acquired after May 11, 2020 had been determined in accordance with the amendment to the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Cathay Life and its subsidiaries recognized their investment properties at fair value subsequent to initial recognition and the related fair value are categorized as level 3 of fair value hierarchy. The fair value of investment property will decrease as either one of the main inputs, direct capitalization rate and discount rate, of the direct capitalization method increases. On the contrary, the fair value of investment property will increase if any of the main input decreases.

- e. Cathay United Bank's investment properties were based on the valuations carried out by qualified real estate appraisers in Taiwan in accordance with the "Regulations on Real Estate Appraisal". The valuation dates were June 30, 2025, December 31, 2024 and June 30, 2024, respectively. The appraisers reviewed the original valuation reports issued on the aforementioned valuation dates and clarified that the valuation reports were still in effect as of September 30, 2025 and 2024, respectively.

Name of Appraiser Firm	June 30, 2025	December 31, 2024	June 30, 2024
REPro Knight Frank Real Estate Appraiser Firm	Hsiang-yi, Hsu; Yu-hsiang, Tsai	Hsiang-yi, Hsu; Yu-hsiang, Tsai	-
Euro-Asia Real Estate Appraisers Firm	-	-	Zong-ting, Xie

The fair value is supported by observable evidence in the market. The main appraisal approaches applied include the income approach (such as discounted cash flow model and direct capitalization approach), comparison approach and cost approach. The significant unobservable inputs mainly include discount rates and the related adjustments are categorized as level 3 of fair value hierarchy.

- 1) As office buildings have market liquidity and the rentals are similar to those of comparable properties in neighboring areas, the fair values have been mainly determined using the comparison approach and the income approach.

Net rental income is based on current market practices, assuming an annual rental increase between 0% to 1.5% to extrapolate the total income of the underlying property, excluding losses as a result of idle and other reasons and related operation costs.

According to the R.O.C. Real Estate Appraisers Association Gazette No. 5, the house tax is determined based on the reference tables of current house values provided by each city/county to estimate the total current house value considering the area of the subject property and related public utilities. House tax is calculated based on the tax rates in the House Tax Act and the actual payment data.

Land value tax is calculated based on the changes in the announced land values of the underlying property in the past years and the actual payment data.

According to the R.O.C. Real Estate Appraisers Association Gazette No. 5, replacement allowance for significant renovation cost is calculated based on 10% of construction costs and amortized over its estimated useful life of 20 years.

The main inputs used are as follows:

	December 31, June 30, 2025	2024	June 30, 2024
Direct capitalization rates	1.82%-3.74%	1.17%-3.73%	1.50%-2.01%
Discount rates	3.78%	3.78%	3.61%

- 2) The fair values of hillside conservation zones, farmlands, scenic areas and suburban residences had been determined mainly by the income approach, comparison approach and land development analysis due to fewer market transactions in such areas as a result of legal restrictions and furthermore, no significant changes are expected in these areas that will affect the market in the near future.
- f. Valuation on the investment property of Cathay Securities and its subsidiaries has been performed by the appraiser from Elite Real Estate Appraiser Firm (Yi-huei, Luo) that met the qualification requirements for real estate appraisers in the R.O.C., with valuation on June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

Cathay Securities and its subsidiaries have consulted the appraisers to review the effectiveness of the original valuation reports issued on June 30, 2025, December 31, 2024 and June 30, 2024, and clarified that the fair values of the aforementioned investment properties were still in effect as of September 30, 2025 and 2024, respectively.

The fair value of investment property is determined by income approach with significant assumptions as follows. If estimated future cash inflows increase or discount rate decreases, the fair value will increase.

	June 30, 2025	December 31, 2024	June 30, 2024
Estimated future cash inflows	\$ 469,090	\$ 468,321	\$ 469,835
Estimated future cash outflows	<u>(14,539)</u>	<u>(14,334)</u>	<u>(14,386)</u>
Estimated net cash inflows	<u><u>\$ 454,551</u></u>	<u><u>\$ 453,987</u></u>	<u><u>\$ 455,449</u></u>
Discount rate	2.970%	2.970%	2.970%
Direct capitalization rate	2.54%	2.48%	2.45%

The market monthly rentals ranged from \$4 thousand to \$6 thousand per ping in the areas where the investment property is located.

The investment properties were entirely leased under operating leases, and generated rental income of \$466 thousand, \$1,992 thousand, \$3,429 thousand and \$5,975 thousand, respectively, for the three months ended September 30, 2025 and 2024, and for the nine months ended September 30, 2025 and 2024.

The estimated future cash inflows consist of rental income, interest of deposit and value of disposal at the end of the period. Rental income is estimated for the current rent and the annual growth rate of the rent. The period of benefit analysis is estimated for 10 years. Interest of deposit is estimated based on the interest rate on a 1-year time deposit of the 5 largest banks for the past year. The value of disposal at the end of the period is estimated using the direct capitalization method. The estimated future cash outflows consist of land value tax, house tax, and replacement allowance, which are estimated on the basis of current expenditures, adjustments to the future announced land value, and tax rates in accordance with the House Tax Act.

The discount rate on June 30, 2025, December 31, 2024 and June 30, 2024 are determined based on the interest rate on a 2-year time deposit of petty cash plus 5 quarters percentage points as posted by Chunghwa Post Co., Ltd., plus the risk premium.

g. Reconciliations for Level 3 fair value measurements are as follows:

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 427,757,842	\$ 418,882,038
Amount recognized in profit or loss		
Gain from investment property	7,762,140	2,241,839
Amount recognized in other comprehensive income		
Exchange differences resulting from translation of the financial statements of foreign operations	(458,941)	2,505,599
Disposals	(97,965)	(11,780)
Transfers to property and equipment	(60,473)	(3,497)
Transfers from investment property under construction	218,530	100,686
Transfers from investment property measured at cost	13,178,027	-
Others	<u>(22,462)</u>	<u>(33,693)</u>
Ending balance	<u><u>\$ 448,276,698</u></u>	<u><u>\$ 423,681,192</u></u>

The above amount excludes those measured at cost.

- h. Refer to Note 31 for the investment properties that were pledged as collateral.
- i. Refer to Table 2 for acquisition and disposal of real estate at prices over \$300 million or 10% of the paid-in capital.

16. PROPERTY AND EQUIPMENT

	Land	Buildings and Construction	Computer Equipment	Leasehold Improvements	Transportation Equipment	Other Equipment	Construction in Progress and Prepayment for Real Estate Equipment	Total
<u>Cost</u>								
Balance on January 1, 2024	\$ 69,374,162	\$ 45,718,031	\$ 11,862,914	\$ 1,523,438	\$ 139,648	\$ 27,497,427	\$ 1,772,604	\$ 157,888,224
Additions	-	-	660,682	42,758	2,194	555,081	1,890,557	3,151,272
Disposals	(86,830)	-	(281,915)	(21,382)	(9,705)	(406,261)	-	(806,933)
Disposal of subsidiaries (Note 40)	-	-	(1,364,751)	(306,334)	-	(113,757)	-	(1,784,842)
Reclassification	-	11,151	86,632	26,587	3,649	1,055,193	(1,273,416)	(90,204)
Foreign exchange	18,143	34,792	88,102	43,019	3,973	14,430	1,406	203,865
Balance on September 30, 2024	<u>\$ 69,305,475</u>	<u>\$ 45,763,974</u>	<u>\$ 11,051,664</u>	<u>\$ 1,308,086</u>	<u>\$ 139,759</u>	<u>\$ 28,602,113</u>	<u>\$ 2,391,151</u>	<u>\$ 158,562,222</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2024	\$ 98,268	\$ 25,553,727	\$ 8,303,277	\$ 1,100,038	\$ 105,034	\$ 13,357,416	\$ -	\$ 48,517,760
Depreciation	-	652,104	847,381	78,036	6,474	1,206,762	-	2,790,757
Disposals	-	-	(281,257)	(16,052)	(9,447)	(401,824)	-	(708,580)
Disposal of subsidiaries (Note 40)	-	-	(483,686)	(162,799)	-	(87,515)	-	(734,000)
Foreign exchange	-	14,234	45,409	30,086	2,933	10,785	-	103,447
Balance on September 30, 2024	<u>\$ 98,268</u>	<u>\$ 26,220,065</u>	<u>\$ 8,431,124</u>	<u>\$ 1,029,309</u>	<u>\$ 104,994</u>	<u>\$ 14,085,624</u>	<u>\$ -</u>	<u>\$ 49,969,384</u>
Carrying amount on September 30, 2024	<u>\$ 69,207,207</u>	<u>\$ 19,543,909</u>	<u>\$ 2,620,540</u>	<u>\$ 278,777</u>	<u>\$ 34,765</u>	<u>\$ 14,516,489</u>	<u>\$ 2,391,151</u>	<u>\$ 108,592,838</u>
<u>Cost</u>								
Balance on January 1, 2025	\$ 69,360,839	\$ 45,823,999	\$ 12,191,860	\$ 1,324,399	\$ 143,039	\$ 28,789,952	\$ 2,545,034	\$ 160,179,122
Additions	-	-	791,440	55,899	246	557,184	1,840,370	3,245,139
Disposals	-	(9,743)	(345,704)	(23,490)	(1,230)	(370,624)	-	(750,791)
Reclassification	12,965	98,185	473,815	43,600	1,580	862,877	(1,265,588)	227,434
Foreign exchange and inflation adjustments	(37,496)	(54,289)	(74,071)	(43,145)	(9,356)	(31,220)	(3,990)	(253,567)
Balance on September 30, 2025	<u>\$ 69,336,308</u>	<u>\$ 45,858,152</u>	<u>\$ 13,037,340</u>	<u>\$ 1,357,263</u>	<u>\$ 134,279</u>	<u>\$ 29,808,169</u>	<u>\$ 3,115,826</u>	<u>\$ 162,647,337</u>
<u>Depreciation and impairment</u>								
Balance on January 1, 2025	\$ 98,268	\$ 26,443,792	\$ 9,044,234	\$ 1,030,223	\$ 108,339	\$ 13,906,398	\$ -	\$ 50,631,254
Depreciation	-	647,131	977,859	80,810	7,817	1,269,203	-	2,982,820
Disposals	-	(6,960)	(344,837)	(22,547)	(1,231)	(362,741)	-	(738,316)
Foreign exchange and inflation adjustments	-	(21,802)	(59,861)	(34,915)	(7,124)	(24,579)	-	(148,281)
Balance on September 30, 2025	<u>\$ 98,268</u>	<u>\$ 27,062,161</u>	<u>\$ 9,617,395</u>	<u>\$ 1,053,571</u>	<u>\$ 107,801</u>	<u>\$ 14,788,281</u>	<u>\$ -</u>	<u>\$ 52,727,477</u>
Carrying amount on December 31, 2024 and January 1, 2025	<u>\$ 69,262,571</u>	<u>\$ 19,380,207</u>	<u>\$ 3,147,626</u>	<u>\$ 294,176</u>	<u>\$ 34,700</u>	<u>\$ 14,883,554</u>	<u>\$ 2,545,034</u>	<u>\$ 109,547,868</u>
Carrying amount on September 30, 2025	<u>\$ 69,238,040</u>	<u>\$ 18,795,991</u>	<u>\$ 3,419,945</u>	<u>\$ 303,692</u>	<u>\$ 26,478</u>	<u>\$ 15,019,888</u>	<u>\$ 3,115,826</u>	<u>\$ 109,919,860</u>

- a. The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and construction	1-70 years
Computer equipment	3-10 years
Leasehold improvements	3-6 years or lease term
Transportation equipment	3-10 years
Other equipment	2-22 years

- b. Refer to Note 31 for the property and equipment that were pledged as collateral.

17. LEASE AGREEMENTS

a. Right-of-use assets

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Carrying amount</u>			
Land	\$ 220,086	\$ 243,469	\$ 247,129
Buildings	4,644,013	4,763,087	4,651,519
Office equipment	34,151	31,708	34,791
Machine equipment	988	1,101	1,193
Transportation equipment	94,789	85,303	86,901
	<u>\$ 4,994,027</u>	<u>\$ 5,124,668</u>	<u>\$ 5,021,533</u>
Right-of-use assets presented as investment properties	<u>\$ 12,852,847</u>	<u>\$ 12,787,580</u>	<u>\$ 12,947,249</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Additions to right-of-use assets	<u>\$ 148,516</u>	<u>\$ 330,499</u>	<u>\$ 1,154,983</u>	<u>\$ 1,358,836</u>
Depreciation expense for right-of-use assets				
Land	\$ 3,481	\$ 3,661	\$ 10,621	\$ 10,983
Buildings	399,975	391,427	1,218,049	1,200,402
Office equipment	3,127	3,074	9,065	9,362
Machine equipment	187	168	571	588
Transportation equipment	12,033	13,458	37,720	38,623
	<u>\$ 418,803</u>	<u>\$ 411,788</u>	<u>\$ 1,276,026</u>	<u>\$ 1,259,958</u>

b. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount	<u>\$ 19,743,794</u>	<u>\$ 19,654,750</u>	<u>\$ 19,583,527</u>

Range of discount rates for lease liabilities is as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Land	1.24%-2.63%	1.24%-2.63%	1.24%-2.63%
Buildings	0.12%-8.57%	0.12%-8.57%	0.12%-8.57%
Office equipment	1.35%-4.75%	1.35%-4.75%	1.35%-4.75%
Machine equipment	0.36%-3.49%	0.36%-3.49%	0.36%-3.49%
Transportation equipment	1.13%-6.58%	0.63%-8.22%	0.32%-8.22%
Investment property-superficies right	2.82%-4.24%	2.82%-4.24%	2.82%-4.24%

18. INTANGIBLE ASSETS

	Computer Software	Franchises	Trademarks	Customer Relationships	Goodwill	Other Intangible Assets	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 7,908,772	\$ 37,659,600	\$ 465,912	\$ 6,097,632	\$ 23,722,583	\$ 223,794	\$ 76,078,293
Additions - acquired separately	618,372	-	-	-	-	-	618,372
Acquisitions through business combinations	-	-	-	-	11,991	-	11,991
Disposals	(460,746)	-	-	-	-	-	(460,746)
Disposal of subsidiaries (Note 40)	(35,765)	-	(484,936)	(6,346,616)	(12,187,864)	(223,130)	(19,278,311)
Reclassification	257,262	-	-	-	-	(1,051)	256,211
Foreign exchange	41,963	-	19,024	248,984	487,935	8,824	806,730
Balance on September 30, 2024	<u>\$ 8,329,858</u>	<u>\$ 37,659,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,034,645</u>	<u>\$ 8,437</u>	<u>\$ 58,032,540</u>
<u>Amortization and impairment</u>							
Balance on January 1, 2024	\$ 5,790,565	\$ 17,092,822	\$ -	\$ 3,310,815	\$ -	\$ 214,377	\$ 26,408,579
Amortization	792,067	1,341,311	-	101,143	-	-	2,234,521
Disposals	(450,705)	-	-	-	-	-	(450,705)
Disposal of subsidiaries (Note 40)	(35,765)	-	-	(3,548,898)	-	(223,130)	(3,807,793)
Foreign exchange	29,414	-	-	136,940	-	8,753	175,107
Balance on September 30, 2024	<u>\$ 6,125,576</u>	<u>\$ 18,434,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,559,709</u>
Carrying amount on September 30, 2024	<u>\$ 2,204,282</u>	<u>\$ 19,225,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,034,645</u>	<u>\$ 8,437</u>	<u>\$ 33,472,831</u>
<u>Cost</u>							
Balance on January 1, 2025	\$ 8,523,264	\$ 37,659,600	\$ -	\$ -	\$ 12,046,590	\$ 7,911	\$ 58,237,365
Additions - acquired separately	442,930	-	128	-	-	2,180	445,238
Disposals	(493,845)	-	-	-	-	-	(493,845)
Reclassification	566,076	-	-	-	-	-	566,076
Foreign exchange	(70,814)	-	-	-	(24,439)	(160)	(95,413)
Balance on September 30, 2025	<u>\$ 8,967,611</u>	<u>\$ 37,659,600</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 12,022,151</u>	<u>\$ 9,931</u>	<u>\$ 58,659,421</u>
<u>Amortization and impairment</u>							
Balance on January 1, 2025	\$ 6,203,750	\$ 18,881,238	\$ -	\$ -	\$ -	\$ -	\$ 25,084,988
Amortization	812,161	1,341,311	1	-	-	-	2,153,473
Disposals	(493,845)	-	-	-	-	-	(493,845)
Foreign exchange	(51,921)	-	-	-	-	-	(51,921)
Balance on September 30, 2025	<u>\$ 6,470,145</u>	<u>\$ 20,222,549</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,692,695</u>
Carrying amount on December 31, 2024 and January 1, 2025	<u>\$ 2,319,514</u>	<u>\$ 18,778,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,046,590</u>	<u>\$ 7,911</u>	<u>\$ 33,152,377</u>
Carrying amount on September 30, 2025	<u>\$ 2,497,466</u>	<u>\$ 17,437,051</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 12,022,151</u>	<u>\$ 9,931</u>	<u>\$ 31,966,726</u>

a. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Franchises	20 years
Customer relationships	5-15 years
Trademarks	46 years

b. The acquisition and primary movements in goodwill were as follows:

1) Cathay Life

Cathay Life recognized goodwill in the acquisitions of (1) all assets, liabilities and operations (except reserved assets and liabilities) of Global Life and Singfor Life, on July 1, 2015; (2) 100% interest in CHL on September 18, 2015; (3) 81.89% interest in Octagon Credit Investors, LLC (through Conning & Company, a 100% owned subsidiary of the Group) on February 1, 2016; (4) 8% equity shares in Global Evolution Holding ApS by CHL, which increased its ownership interest to 53% on June 25, 2020; (5) Cathay Power and its subsidiaries, which increased its ownership interest to 70% on November 25, 2022; and (6) 55.5% interest in Pearlmark Real Estate LLC (through Conning & Company, a 100% owned subsidiary of the CHL) on March 28, 2023. The goodwill recognized in the acquisition of Pearlmark and its subsidiaries mainly represents the control premium. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill increased by \$11,991 thousand from January 1 to March 31, 2024 as a result of adjustments to the identifiable net assets acquired during the measurement period.

Cathay Life disposed of its shares of CHL and its subsidiaries on April 3, 2024, and thus the goodwill arising from the acquisition was eliminated. Refer to Note 40 for related information.

An annual impairment test for goodwill is performed regularly. Cathay Life and its subsidiaries estimated the recoverable amount of the cash-generating unit that the goodwill is allocated to for the purpose of impairment test. The recoverable amount is calculated by applying a proper discount rate. Since the recoverable amount is higher than the book value of the cash-generating unit that the goodwill was allocated to, no impairment is incurred for goodwill.

2) Cathay United Bank

Cathay United Bank acquired China United Trust & Investment Corporation on December 29, 2007 and recognized goodwill amounting to \$6,673,083 thousand.

Cathay United Bank acquired 70% of the shares of CUBC Bank on December 13, 2012 and recognized goodwill amounting to US\$10,570 thousand, then further acquired the remaining 30% of shares on September 16, 2013.

During impairment testing of goodwill, Cathay United Bank treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the future based on the going-concern assumption. Future cash flows were estimated on the basis of present operations and will be adjusted depending on the business outlook and economic trends.

19. COMMERCIAL PAPER PAYABLE, NET

	September 30, 2025	December 31, 2024	September 30, 2024
Nominal amount	\$ 78,692,500	\$ 91,900,000	\$ 90,230,000
Less: Discount on commercial paper payable	<u>(2,403)</u>	<u>(23,670)</u>	<u>(14,503)</u>
	<u>\$ 78,690,097</u>	<u>\$ 91,876,330</u>	<u>\$ 90,215,497</u>
Interest rate range	1.45%-3.00%	1.68%-1.96%	1.68%-2.05%

The above-mentioned commercial paper payable are guaranteed or accepted by the bill companies and banks.

20. DEPOSITS AND REMITTANCES

	September 30, 2025	December 31, 2024	September 30, 2024
Checking deposits	\$ 13,979,210	\$ 16,721,908	\$ 14,234,222
Demand deposits	863,964,077	818,361,443	778,054,135
Demand savings deposits	1,591,934,599	1,479,274,092	1,463,813,892
Time deposits	1,266,765,974	963,029,598	774,091,491
Time savings deposits	488,442,604	458,968,439	453,111,782
Negotiable certificates of deposit	37,754,206	44,830,505	29,587,244
Outward remittances and remittances payable	<u>3,434,087</u>	<u>2,181,501</u>	<u>2,790,987</u>
	<u><u>\$ 4,266,274,757</u></u>	<u><u>\$ 3,783,367,486</u></u>	<u><u>\$ 3,515,683,753</u></u>

21. BONDS PAYABLE

	September 30, 2025	December 31, 2024	September 30, 2024
Financial debentures	\$ 18,600,000	\$ 12,700,000	\$ 12,700,000
Cumulative perpetual subordinated corporate bonds	45,000,000	45,000,000	45,000,000
Unsecured corporate bonds	103,700,000	76,000,000	76,000,000
Unsecured cumulative subordinated corporate bonds	112,533,905	115,412,345	114,005,495
Discounts on bonds payable	<u>(136,941)</u>	<u>(155,015)</u>	<u>(77,770)</u>
	<u><u>\$ 279,696,964</u></u>	<u><u>\$ 248,957,330</u></u>	<u><u>\$ 247,627,725</u></u>

a. Financial debentures

	September 30, 2025	December 31, 2024	September 30, 2024
2nd of subordinated financial debentures in 2017; fixed rate at 1.85%; maturity: April 2027	\$ 12,700,000	\$ 12,700,000	\$ 12,700,000
1st of subordinated financial debentures in 2025; fixed rate at 2.18%; maturity: June 2032	550,000	-	-
1st of subordinated financial debentures in 2025; fixed rate at 2.30%; maturity: June 2035	<u>5,350,000</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 18,600,000</u></u>	<u><u>\$ 12,700,000</u></u>	<u><u>\$ 12,700,000</u></u>

b. Cumulative perpetual subordinated corporate bonds

- 1) Pursuant to Order No. Securities-TPEx-Bond-10600099421 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on May 12, 2017 through public offering. The key terms and conditions are as follows:
 - a) Issue amount: \$35,000,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - c) Years to maturity: Perpetual.
 - d) Coupon rate: Fixed rate of 3.3% from the issue date to the tenth year, plus 1% if the bonds are not redeemed after the tenth year from the issue date.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Form of bonds: Book-entry securities.
- 2) Pursuant to Order No. Securities-TPEx-Bond-10800055731 of the Taipei Exchange, Cathay Life issued its first perpetual cumulative subordinated corporate bonds on June 26, 2019 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$10,000,000 thousand.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - c) Years to maturity: Perpetual.
 - d) Coupon rate: Fixed rate of 3%.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Right of early redemption: If Cathay Life's risk-based capital ratio is greater than twice the minimum risk-based capital ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
 - g) Form of bonds: Book-entry securities.

c. Unsecured corporate bonds

- 1) Pursuant to Order No. Securities-TPEX-Bond-10800038242 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 8, 2019 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$20,000,000 thousand, which is divided into A Note of \$4,000,000 thousand, B Note of \$4,000,000 thousand and C Note of \$12,000,000 thousand by issue periods.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on May 2024.
 - d) Coupon rate: Fixed rate of 0.83% for A Note, 0.93% for B Note and 1.04% for C Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 2) Pursuant to Order No. Securities-TPEX-Bond-10900064782 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 23, 2020 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$8,900,000 thousand, which is divided into A Note of \$1,900,000 thousand, B Note of \$6,500,000 thousand and C Note of \$500,000 thousand by issue periods.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years. A Note was redeemed on June 2025.
 - d) Coupon rate: Fixed rate of 0.59% for A Note, 0.64% for B Note and 0.67% for C Note.
 - e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
 - f) Form of bonds: Book-entry securities.
- 3) Pursuant to Order No. Securities-TPEX-Bond-10900108202 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 8, 2020 through public offering. Key terms and conditions are as follows:
 - a) Issue amount: \$21,100,000 thousand, which is divided into A Note of \$2,400,000 thousand, B Note of \$7,800,000 thousand, C Note of \$2,500,000 thousand and D Note of \$8,400,000 thousand by period issued.
 - b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
 - c) Years to maturity: A Note is 5 years, B Note is 6 years, C Note is 7 years and D Note is 10 years. A Note was redeemed on September 2025.
 - d) Coupon rate: Fixed rate of 0.61% for A Note, 0.64% for B Note, 0.66% for C Note and 0.70% for D Note.

- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Form of bonds: Book-entry securities.

4) Pursuant to Order No. Securities-TPEX-Bond-11200056252 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on June 16, 2023 through public offering. Key terms and conditions are as follows:

- a) Issue amount: \$19,000,000 thousand, which is divided into A Note of \$10,100,000 thousand, and B Note of \$8,900,000 thousand by period issued.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note is 5 years and B Note is 10 years.
- d) Coupon rate: Fixed rate of 1.62% for A Note and 1.82% for B Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Form of bonds: Book-entry securities.

5) Pursuant to Order No. Securities-TPEX-Bond-11300014662 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on March 26, 2024 through public offering. Key terms and conditions are as follows:

- a) Issue amount: \$11,000,000 thousand, which is divided into A Note of \$7,500,000 thousand, and B Note of \$3,500,000 thousand by period issued.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note is 5 years and B Note is 10 years.
- d) Coupon rate: Fixed rate of 1.65% for A Note and 1.78% for B Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Form of bonds: Book-entry securities.

6) Pursuant to Order No. Securities-TPEX-Bond-11400040672 of the Taipei Exchange, Cathay Financial Holdings issued its first unsecured corporate bonds on May 23, 2025 through public offering. Key terms and conditions are as follows:

- a) Issue amount: \$6,200,000 thousand, which is divided into A Note of \$1,700,000 thousand, and B Note of \$4,500,000 thousand by period issued.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note is 5 years and B Note is 10 years.
- d) Coupon rate: Fixed rate of 1.93% for A Note and 2.07% for B Note.

- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Form of bonds: Book-entry securities.

7) Pursuant to Order No. Securities-TPEx-Bond-11400079022 of the Taipei Exchange, Cathay Financial Holdings issued its second unsecured corporate bonds on September 10, 2025 through public offering. Key terms and conditions are as follows:

- a) Issue amount: \$25,800,000 thousand, which is divided into A Note of \$11,900,000 thousand, B Note of \$1,700,000 thousand, and C Note of \$12,200,000 thousand by period issued.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note is 5 years, B Note is 7 years and C Note is 10 years.
- d) Coupon rate: Fixed rate of 1.84% for A Note, 1.89% for B Note and 1.96% for C Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Form of bonds: Book-entry securities.

d. Unsecured cumulative subordinated corporate bonds

1) Pursuant to Order No. Securities-TPEx-Bond-11200070741 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on August 1, 2023. The key terms and conditions are as follows:

- a) Issue amount: \$25,100,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$17,600,000 thousand, and the issuance amount of B Note bond is \$7,500,000 thousand.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note with 10 years, and B Note with 15 years.
- d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- g) Forms of bonds: Book-entry securities.

2) Pursuant to Order No. Securities-TPEx-Bond-11200073801 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on August 7, 2023 through public offering. The key terms and conditions are as follows:

- a) Issue amount: US\$113,000 thousand.
- b) Principal amount and issue price: The face value is US\$100 thousand each, and is issued at par.

- c) Years to maturity: 10 years.
- d) Coupon rate: Fixed rate of 6.1%.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: None.
- g) Forms of bonds: Book-entry securities.

3) Pursuant to Order No. Securities-TPEx-Bond-11200097881 of the Taipei Exchange, Cathay Life issued the third tranche of US-denominated unsecured cumulative subordinated corporate bonds on October 4, 2023 through public offering. The key terms and conditions are as follows:

- a) Issue amount: US\$25,000 thousand.
- b) Principal amount and issue price: The face value is US\$100 thousand each, and is issued at par.
- c) Years to maturity: 10 years.
- d) Coupon rate: Fixed rate of 6.1%.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: None.
- g) Forms of bonds: Book-entry securities.

4) Pursuant to Order No. Securities-TPEx-Bond-11200099051 of the Taipei Exchange, Cathay Life issued its fourth unsecured cumulative subordinated ordinary corporate bonds on October 12, 2023. The key terms and conditions are as follows:

- a) Issue amount: \$5,500,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$2,500,000 thousand, and the issuance amount of B Note bond is \$3,000,000 thousand.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note with 10 years, and B Note with 15 years.
- d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- g) Forms of bonds: Book-entry securities.

5) Pursuant to Order No. Securities-TPEX-Bond-11300018721 of the Taipei Exchange, Cathay Life issued its first unsecured cumulative subordinated ordinary corporate bonds on April 24, 2024. The key terms and conditions are as follows:

- a) Issue amount: \$44,000,000 thousand. According to the different issuance conditions, it is divided into two classes, A and B bonds, of which the issuance amount of A Note bond is \$32,350,000 thousand, and the issuance amount of B Note bond is \$11,650,000 thousand.
- b) Principal amount and issue price: The face value is \$1,000 thousand each, and is issued at par.
- c) Years to maturity: A Note with 10 years, and B Note with 15 years.
- d) Coupon rate: Fixed rate of 3.70% for A Note and 3.85% for B Note.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathay Life may, with the approval of the authorities, redeem the B Note bonds in whole after 10 years of their issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- g) Forms of bonds: Book-entry securities.

6) Pursuant to Order No. Securities-TPEX-Bond-11300025291 of the Taipei Exchange, Cathay Life issued the second tranche of US-denominated unsecured cumulative subordinated corporate bonds on May 9, 2024 through public offering. The key terms and conditions are as follows:

- a) Issue amount: US\$187,000 thousand.
- b) Principal amount and issue price: The face value is US\$100 thousand each, and is issued at par.
- c) Years to maturity: 10 years.
- d) Coupon rate: Fixed rate of 5.80%.
- e) Terms of interest payments: The interest payments are calculated and paid at coupon rate every year from the issue date.
- f) Right of early redemption: None.
- g) Forms of bonds: Book-entry securities.

7) Cathaylife Singapore Pte. Ltd. issued overseas 10-year US-denominated unsecured cumulative subordinated corporate bonds on July 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:

- a) Issue amount: US\$600,000 thousand.
- b) Principal amount and issue price: The face value is US\$200 thousand each, with integral multiples of US\$1,000 in excess thereof; the issuance price is \$99.717.
- c) Years to maturity: 10 years.
- d) Coupon rate: Fixed rate of 5.95%.

- e) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
- f) Right of early redemption: None.
- g) Forms of bonds: Book-entry securities.

8) Cathaylife Singapore Pte. Ltd. issued overseas 15-year US-denominated unsecured cumulative subordinated corporate bonds on September 5, 2024 and was guaranteed by Cathay Life Insurance Co., Ltd. The key terms and conditions are as follows:

- a) Issue amount: US\$320,000 thousand.
- b) Principal amount and issue price: The face value is US\$200 thousand each, with integral multiples of US\$1,000 in excess thereof; the issuance price is \$99.777.
- c) Years to maturity: 15 years.
- d) Coupon rate: Fixed rate of 5.30%.
- e) Terms of interest payments: The interest payments are calculated and paid at the coupon rate every six months from the issue date.
- f) Right of early redemption: If Cathay Life's RBC ratio is greater than the minimum RBC ratio required for insurance companies, Cathaylife Singapore Pte. Ltd. may, with the approval of the authorities, redeem the bonds in whole after 10 years of the issuance, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed, plus accrued and unpaid interest.
- g) Forms of bonds: Book-entry securities.

22. OTHER BORROWINGS

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Secured borrowings</u>			
Bank loans	\$ 58,953,139	\$ 30,238,674	\$ 7,683,852
<u>Unsecured borrowings</u>			
Bank loans	<u>8,526,078</u>	<u>9,669,616</u>	<u>9,341,108</u>
	<u>\$ 67,479,217</u>	<u>\$ 39,908,290</u>	<u>\$ 17,024,960</u>
Borrowing interest rate	1.85%-9.00%	1.72%-10.35%	1.73%-10.15%

New Taiwan dollar demand deposits, equipment and investment accounted for using equity method are pledged as collateral for the bank loans; refer to Note 31.

23. PROVISIONS

	September 30, 2025	December 31, 2024	September 30, 2024
Insurance liability			
Unearned premium reserve	\$ 44,574,772	\$ 42,769,008	\$ 41,513,108
Loss reserve	37,968,139	34,190,362	33,672,426
Policy reserve	6,985,142,716	7,034,523,424	6,952,160,740
Special reserve	1,918,331	12,899,100	12,694,921
Premium deficiency reserve	5,575,604	5,720,143	6,353,557
Reserve for insurance contracts with the nature of financial products	27,966,562	26,861,096	26,586,555
Reserve for foreign exchange valuation	55,802,220	27,514,387	43,563,371
Other reserve	100,394	1,818,394	1,831,756
	<u>7,159,048,738</u>	<u>7,186,295,914</u>	<u>7,118,376,434</u>
Provisions for employee benefits	3,163,256	3,475,230	3,184,122
Other reserves	<u>2,323,005</u>	<u>1,821,667</u>	<u>2,173,673</u>
	<u><u>\$ 7,164,534,999</u></u>	<u><u>\$ 7,191,592,811</u></u>	<u><u>\$ 7,123,734,229</u></u>

As of September 30, 2025, policy reserve belonging to Cathay Life amounted to \$6,834,110,668 thousand.

a. Cathay Life and its subsidiaries

As of September 30, 2025, December 31, 2024 and September 30, 2024, the details and changes of Cathay Life and its subsidiaries' insurance contracts and financial instruments with discretionary participation features are summarized below:

1) Unearned premium reserve

	September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 24,606	\$ -	\$ 24,606
Individual injury insurance	9,096,701	-	9,096,701
Individual health insurance	12,496,929	-	12,496,929
Group insurance	1,517,699	-	1,517,699
Investment-linked insurance	<u>133,558</u>	<u>-</u>	<u>133,558</u>
	<u>23,269,493</u>	<u>-</u>	<u>23,269,493</u>
Less ceded unearned premium reserve			
Individual life insurance	539,250	-	539,250
Individual injury insurance	29,535	-	29,535
Individual health insurance	429,938	-	429,938
Group insurance	561	-	561
Investment-linked insurance	<u>1,308</u>	<u>-</u>	<u>1,308</u>
	<u>1,000,592</u>	<u>-</u>	<u>1,000,592</u>
	<u><u>\$ 22,268,901</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,268,901</u></u>

December 31, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 65,983	\$ -	\$ 65,983
Individual injury insurance	8,910,494	-	8,910,494
Individual health insurance	12,584,740	-	12,584,740
Group insurance	1,522,018	-	1,522,018
Investment-linked insurance	<u>126,888</u>	<u>-</u>	<u>126,888</u>
	<u>23,210,123</u>	<u>-</u>	<u>23,210,123</u>
Less ceded unearned premium reserve			
Individual life insurance	568,065	-	568,065
Individual injury insurance	-	-	-
Individual health insurance	419,349	-	419,349
Group insurance	-	-	-
Investment-linked insurance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>987,414</u>	<u>-</u>	<u>987,414</u>
	<u>\$ 22,222,709</u>	<u>\$ -</u>	<u>\$ 22,222,709</u>

September 30, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 79,947	\$ -	\$ 79,947
Individual injury insurance	8,393,159	-	8,393,159
Individual health insurance	11,767,656	-	11,767,656
Group insurance	1,581,652	-	1,581,652
Investment-linked insurance	<u>125,380</u>	<u>-</u>	<u>125,380</u>
	<u>21,947,794</u>	<u>-</u>	<u>21,947,794</u>
Less ceded unearned premium reserve			
Individual life insurance	525,677	-	525,677
Individual injury insurance	7,316	-	7,316
Individual health insurance	359,403	-	359,403
Group insurance	529	-	529
Investment-linked insurance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>892,925</u>	<u>-</u>	<u>892,925</u>
	<u>\$ 21,054,869</u>	<u>\$ -</u>	<u>\$ 21,054,869</u>

The changes in unearned premium reserve are summarized below:

	For the Nine Months Ended September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 23,210,123	\$ -	\$ 23,210,123
Provision	23,217,609	-	23,217,609
Recovery	(23,128,564)	-	(23,128,564)
Foreign exchange	(29,675)	-	(29,675)
Ending balance	<u>23,269,493</u>	<u>-</u>	<u>23,269,493</u>
Less ceded unearned premium reserve			
Beginning balance	987,414	-	987,414
Increase	<u>13,178</u>	<u>-</u>	<u>13,178</u>
Ending balance	<u>1,000,592</u>	<u>-</u>	<u>1,000,592</u>
Net ending balance	<u>\$ 22,268,901</u>	<u>\$ -</u>	<u>\$ 22,268,901</u>
	For the Nine Months Ended September 30, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 21,710,834	\$ -	\$ 21,710,834
Provision	21,880,913	-	21,880,913
Recovery	(21,662,629)	-	(21,662,629)
Foreign exchange	<u>18,676</u>	<u>-</u>	<u>18,676</u>
Ending balance	<u>21,947,794</u>	<u>-</u>	<u>21,947,794</u>
Less ceded unearned premium reserve			
Beginning balance	1,241,869	-	1,241,869
Decrease	<u>(348,944)</u>	<u>-</u>	<u>(348,944)</u>
Ending balance	<u>892,925</u>	<u>-</u>	<u>892,925</u>
Net ending balance	<u>\$ 21,054,869</u>	<u>\$ -</u>	<u>\$ 21,054,869</u>

2) Loss reserve

	September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed but not paid	\$ 4,154,755	\$ 26,165	\$ 4,180,920
Not yet filed	17,924	-	17,924
Individual injury insurance			
Filed but not paid	294,250	-	294,250
Not yet filed	2,816,691	-	2,816,691
Individual health insurance			
Filed but not paid	900,038	-	900,038
Not yet filed	5,124,842	-	5,124,842
Group insurance			
Filed but not paid	274,174	-	274,174
Not yet filed	1,461,120	-	1,461,120
Investment-linked insurance			
Filed but not paid	283,475	-	283,475
Not yet filed	80	-	80
	<u>15,327,349</u>	<u>26,165</u>	<u>15,353,514</u>
Less ceded loss reserve			
Individual life insurance	15,754	-	15,754
Individual injury insurance	20	-	20
Individual health insurance	9,370	-	9,370
Group insurance	4,121	-	4,121
	<u>29,265</u>	<u>-</u>	<u>29,265</u>
	<u>\$ 15,298,084</u>	<u>\$ 26,165</u>	<u>\$ 15,324,249</u>
	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed but not paid	\$ 4,275,688	\$ 21,053	\$ 4,296,741
Not yet filed	31,810	-	31,810
Individual injury insurance			
Filed but not paid	257,713	-	257,713
Not yet filed	2,808,386	-	2,808,386
Individual health insurance			
Filed but not paid	869,686	-	869,686
Not yet filed	4,838,337	-	4,838,337
Group insurance			
Filed but not paid	272,229	-	272,229
Not yet filed	1,596,664	-	1,596,664

(Continued)

December 31, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Investment-linked insurance			
Filed but not paid	\$ 281,761	\$ -	\$ 281,761
Not yet filed	4,292	-	4,292
	<u>15,236,566</u>	<u>21,053</u>	<u>15,257,619</u>
Less ceded loss reserve			
Individual life insurance	9,742	-	9,742
Individual injury insurance	13	-	13
Individual health insurance	7,184	-	7,184
Group insurance	3,423	-	3,423
	<u>20,362</u>	<u>-</u>	<u>20,362</u>
	<u>\$ 15,216,204</u>	<u>\$ 21,053</u>	<u>\$ 15,237,257</u>
			(Concluded)

September 30, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed but not paid	\$ 3,887,508	\$ 16,509	\$ 3,904,017
Not yet filed	33,607	-	33,607
Individual injury insurance			
Filed but not paid	82,544	-	82,544
Not yet filed	2,521,059	-	2,521,059
Individual health insurance			
Filed but not paid	1,075,364	-	1,075,364
Not yet filed	4,815,992	-	4,815,992
Group insurance			
Filed but not paid	68,890	-	68,890
Not yet filed	1,416,879	-	1,416,879
Investment-linked insurance			
Filed but not paid	222,111	-	222,111
Not yet filed	2,003	-	2,003
	<u>14,125,957</u>	<u>16,509</u>	<u>14,142,466</u>
Less ceded loss reserve			
Individual life insurance	90,441	-	90,441
Individual injury insurance	471	-	471
Individual health insurance	14,844	-	14,844
Group insurance	2,840	-	2,840
	<u>108,596</u>	<u>-</u>	<u>108,596</u>
	<u>\$ 14,017,361</u>	<u>\$ 16,509</u>	<u>\$ 14,033,870</u>

The changes in loss reserve are summarized below:

	For the Nine Months Ended September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 15,236,566	\$ 21,053	\$ 15,257,619
Provision	16,238,408	26,165	16,264,573
Recovery	(16,057,242)	(21,053)	(16,078,295)
Foreign exchange	(90,383)	-	(90,383)
Ending balance	<u>15,327,349</u>	<u>26,165</u>	<u>15,353,514</u>
Less ceded loss reserve			
Beginning balance	20,362	-	20,362
Increase	31,555	-	31,555
Decrease	(22,284)	-	(22,284)
Foreign exchange	(368)	-	(368)
Ending balance	<u>29,265</u>	<u>-</u>	<u>29,265</u>
Net ending balance	<u>\$ 15,298,084</u>	<u>\$ 26,165</u>	<u>\$ 15,324,249</u>
	For the Nine Months Ended September 30, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 13,300,003	\$ 10,835	\$ 13,310,838
Provision	14,955,154	16,509	14,971,663
Recovery	(14,169,491)	(10,835)	(14,180,326)
Foreign exchange	40,291	-	40,291
Ending balance	<u>14,125,957</u>	<u>16,509</u>	<u>14,142,466</u>
Less ceded loss reserve			
Beginning balance	117,196	-	117,196
Increase	28,238	-	28,238
Decrease	(37,216)	-	(37,216)
Foreign exchange	378	-	378
Ending balance	<u>108,596</u>	<u>-</u>	<u>108,596</u>
Net ending balance	<u>\$ 14,017,361</u>	<u>\$ 16,509</u>	<u>\$ 14,033,870</u>

3) Policy reserve

	September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance (Note 1)	\$ 5,840,215,638	\$ 1,911	\$ 5,840,217,549
Injury insurance	8,177,289	-	8,177,289
Health insurance	1,124,394,503	-	1,124,394,503
Annuity insurance	1,024,922	3,884,099	4,909,021
Investment-linked insurance	4,171,689	-	4,171,689
Total (Note 2)	<u>6,977,984,041</u>	<u>3,886,010</u>	<u>6,981,870,051</u>
Less ceded policy reserve			
Life insurance	291,016	-	291,016
Health insurance	5,661	-	5,661
	<u>296,677</u>	<u>-</u>	<u>296,677</u>
	<u><u>\$ 6,977,687,364</u></u>	<u><u>\$ 3,886,010</u></u>	<u><u>\$ 6,981,573,374</u></u>
	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance (Note 1)	\$ 5,929,925,613	\$ 1,914	\$ 5,929,927,527
Injury insurance	7,874,472	-	7,874,472
Health insurance	1,084,113,771	-	1,084,113,771
Annuity insurance	1,050,400	4,666,247	5,716,647
Investment-linked insurance	3,785,885	-	3,785,885
Total (Note 2)	<u>7,026,750,141</u>	<u>4,668,161</u>	<u>7,031,418,302</u>
Less ceded policy reserve			
Life insurance	324,414	-	324,414
Health insurance	6,785	-	6,785
	<u>331,199</u>	<u>-</u>	<u>331,199</u>
	<u><u>\$ 7,026,418,942</u></u>	<u><u>\$ 4,668,161</u></u>	<u><u>\$ 7,031,087,103</u></u>

September 30, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance (Note 1)	\$ 5,868,352,467	\$ 1,928	\$ 5,868,354,395
Injury insurance	7,752,215	-	7,752,215
Health insurance	1,064,552,616	-	1,064,552,616
Annuity insurance	1,061,212	4,873,546	5,934,758
Investment-linked insurance	3,524,329	-	3,524,329
Total (Note 2)	<u>6,945,242,839</u>	<u>4,875,474</u>	<u>6,950,118,313</u>
Less ceded policy reserve			
Life insurance	336,798	-	336,798
Health insurance	7,488	-	7,488
	<u>344,286</u>	<u>-</u>	<u>344,286</u>
	<u><u>\$ 6,944,898,553</u></u>	<u><u>\$ 4,875,474</u></u>	<u><u>\$ 6,949,774,027</u></u>

The changes in policy reserve are summarized below:

For the Nine Months Ended September 30, 2025

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 7,026,750,141	\$ 4,668,161	\$ 7,031,418,302
Provision	398,676,754	37,408	398,714,162
Recovery (Note 3)	(321,362,299)	(819,556)	(322,181,855)
Reclassification	72,441	-	72,441
Foreign exchange	(124,302,891)	(3)	(124,302,894)
Transferred to reserve for change in foreign exchange valuation (Note 1)	<u>(1,850,105)</u>	<u>-</u>	<u>(1,850,105)</u>
Ending balance	<u>6,977,984,041</u>	<u>3,886,010</u>	<u>6,981,870,051</u>
Less ceded policy reserve			
Beginning balance	331,199	-	331,199
Increase	26,755	-	26,755
Decrease	(46,770)	-	(46,770)
Foreign exchange	(14,507)	-	(14,507)
Ending balance	<u>296,677</u>	<u>-</u>	<u>296,677</u>
Net ending balance	<u><u>\$ 6,977,687,364</u></u>	<u><u>\$ 3,886,010</u></u>	<u><u>\$ 6,981,573,374</u></u>

For the Nine Months Ended September 30, 2024

	Financial Instruments with Discretionary Participation Features	Insurance Contracts	Total
Beginning balance	\$ 6,814,238,405	\$ 5,626,906	\$ 6,819,865,311
Provision	361,679,605	40,758	361,720,363
Recovery (Note 3)	(284,235,217)	(792,198)	(285,027,415)
Reclassification	228,390	-	228,390
Foreign exchange	<u>53,331,656</u>	<u>8</u>	<u>53,331,664</u>
Ending balance	<u>6,945,242,839</u>	<u>4,875,474</u>	<u>6,950,118,313</u>
Less ceded policy reserve			
Beginning balance	348,004	-	348,004
Increase	31,693	-	31,693
Decrease	(50,684)	-	(50,684)
Foreign exchange	<u>15,273</u>	<u>-</u>	<u>15,273</u>
Ending balance	<u>344,286</u>	<u>-</u>	<u>344,286</u>
Net ending balance	<u><u>\$ 6,944,898,553</u></u>	<u><u>\$ 4,875,474</u></u>	<u><u>\$ 6,949,774,027</u></u>

Note 1: As of December 31, 2024 and September 30, 2024, the balance included the recovery of unamortized allowance for doubtful accounts from the 3% business tax reduction and major incident reserves. Furthermore, pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, the aforementioned reserve of \$1,850,105 thousand was reclassified to the foreign exchange valuation reserve.

Note 2: Total policy reserve including policy reserve-payables to the insured amounted to \$6,985,142,705 thousand, \$7,034,523,396 thousand and \$6,952,160,690 thousand as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

Note 3: In accordance with the order Jin-Guan-Bao-Cai No. 11404924811 dated June 30, 2025, the Company adjusted the applicable interest rates and mortality rates for the selected insurance products in determining policy reserves. The difference in policy reserves arising from these adjustments may be released within a limit of 40% of the difference between the most recent fair value of liabilities and the carrying amount of policy reserves. Upon filing with and receiving consent from the competent authority under letter Jin-Guan-Bao-Shou No. 1140424941, the Company released policy reserves of \$49,899,309 thousand as of June 30, 2025. In addition, upon application, the Company obtained approval under letter Jin-Guan-Bao-Shou No. 1140424940 to make an additional provision to the foreign exchange valuation reserve.

4) Special reserve

	September 30, 2025			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Participating policies dividends reserve	\$ 25,801	\$ -	\$ -	\$ 25,801
Special reserve for revaluation increments of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 25,801</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,801</u></u>

	December 31, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Participating policies dividends reserve	\$ 23,656	\$ -	\$ -	\$ 23,656
Special reserve for revaluation increments of property	<u>-</u>	<u>-</u>	<u>11,083,324</u>	<u>11,083,324</u>
	<u><u>\$ 23,656</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,083,324</u></u>	<u><u>\$ 11,106,980</u></u>

	September 30, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Participating policies dividends reserve	\$ 20,826	\$ -	\$ -	\$ 20,826
Special reserve for revaluation increments of property	<u>-</u>	<u>-</u>	<u>11,083,324</u>	<u>11,083,324</u>
	<u><u>\$ 20,826</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,083,324</u></u>	<u><u>\$ 11,104,150</u></u>

The changes in special reserve are summarized below:

	For the Nine Months Ended September 30, 2025			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Beginning balance	\$ 23,656	\$ -	\$ 11,083,324	\$ 11,106,980
Provision for participating policies dividends reserve	19,136	-	-	19,136
Recovery of participating policies dividends reserve	(16,991)	-	-	(16,991)
Transferred to reserve for change in foreign exchange valuation (Note)	_____ -	_____ -	(11,083,324)	(11,083,324)
Ending balance	<u>\$ 25,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,801</u>

	For the Nine Months Ended September 30, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Others	Total
Beginning balance	\$ 7,215	\$ -	\$ 11,083,324	\$ 11,090,539
Provision for participating policies dividends reserve	23,431	-	-	23,431
Recovery of participating policies dividends reserve	(9,820)	-	-	(9,820)
Ending balance	<u>\$ 20,826</u>	<u>\$ -</u>	<u>\$ 11,083,324</u>	<u>\$ 11,104,150</u>

Note: Pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, the special reserve for real estate appreciation of \$11,083,324 thousand was reclassified to the foreign exchange valuation reserve.

5) Premium deficiency reserve

	September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 4,083,105	\$ -	\$ 4,083,105
Individual injury insurance	2,904	-	2,904
Individual health insurance	1,420,673	-	1,420,673
Group insurance	<u>66,867</u>	<u>-</u>	<u>66,867</u>
	<u><u>\$ 5,573,549</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,573,549</u></u>

	December 31, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 4,257,673	\$ -	\$ 4,257,673
Individual injury insurance	3,370	-	3,370
Individual health insurance	1,439,539	-	1,439,539
Group insurance	<u>18,869</u>	<u>-</u>	<u>18,869</u>
	<u><u>\$ 5,719,451</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,719,451</u></u>

	September 30, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 4,787,706	\$ -	\$ 4,787,706
Individual injury insurance	3,508	-	3,508
Individual health insurance	1,395,391	-	1,395,391
Group insurance	<u>166,592</u>	<u>-</u>	<u>166,592</u>
	<u><u>\$ 6,353,197</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,353,197</u></u>

The changes in premium deficiency reserve are summarized below:

	For the Nine Months Ended September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 5,719,451	\$ -	\$ 5,719,451
Provision	1,095,415	-	1,095,415
Recovery	(1,178,741)	-	(1,178,741)
Foreign exchange	(62,576)	-	(62,576)
Ending balance	<u>\$ 5,573,549</u>	<u>\$ -</u>	<u>\$ 5,573,549</u>

	For the Nine Months Ended September 30, 2024		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 6,770,608	\$ -	\$ 6,770,608
Provision	177,362	-	177,362
Recovery	(637,195)	-	(637,195)
Foreign exchange	<u>42,422</u>	<u>-</u>	<u>42,422</u>
Ending balance	<u>\$ 6,353,197</u>	<u>\$ -</u>	<u>\$ 6,353,197</u>

6) Other reserve

	September 30, 2025		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Others	<u>\$ 100,394</u>	<u>\$ -</u>	<u>\$ 100,394</u>
December 31, 2024			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Others	<u>\$ 1,818,394</u>	<u>\$ -</u>	<u>\$ 1,818,394</u>

September 30, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Others	<u>\$ 1,831,756</u>	<u>\$ _____ -</u>	<u>\$ 1,831,756</u>

The changes in other reserve are summarized below:

For the Nine Months Ended September 30, 2025

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 1,818,394	\$ _____ -	\$ 1,818,394
Recovery	(18,000)	-	(18,000)
Transferred to reserve for change in foreign exchange valuation (Note)	<u>(1,700,000)</u>	<u>_____ -</u>	<u>(1,700,000)</u>
Ending balance	<u>\$ 100,394</u>	<u>\$ _____ -</u>	<u>\$ 100,394</u>

For the Nine Months Ended September 30, 2024

	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ 1,834,253	\$ _____ -	\$ 1,834,253
Recovery	<u>(2,497)</u>	<u>_____ -</u>	<u>(2,497)</u>
Ending balance	<u>\$ 1,831,756</u>	<u>\$ _____ -</u>	<u>\$ 1,831,756</u>

Note: Pursuant to the letter Jin-Guan-Bao-Shou No. 1140420671 dated May 28, 2025, other reserve - Value of Business Acquired amounting to \$1,700,000 thousand was reclassified to the foreign exchange valuation reserve.

7) Liability adequacy reserve

	Insurance Contracts and Financial Instruments with Discretionary Participation Features		
	September 30, 2025	December 31, 2024	September 30, 2024
Unearned premium reserve	\$ 23,269,493	\$ 23,210,123	\$ 21,947,794
Policy reserve	6,985,142,705	7,034,523,396	6,952,160,690
Premium deficiency reserve	5,573,549	5,719,451	6,353,197
Other reserve	<u>100,394</u>	<u>1,818,394</u>	<u>1,831,756</u>
Book value of insurance liabilities	<u><u>\$ 7,014,086,141</u></u>	<u><u>\$ 7,065,271,364</u></u>	<u><u>\$ 6,982,293,437</u></u>
Estimated present value of cash flows	<u><u>\$ 6,406,642,217</u></u>	<u><u>\$ 6,372,682,647</u></u>	<u><u>\$ 6,307,454,618</u></u>
Balance of liability adequacy reserve	<u><u>\$ _____ -</u></u>	<u><u>\$ _____ -</u></u>	<u><u>\$ _____ -</u></u>

Note 1: Shown by liability adequacy test range (integrated contracts).

Note 2: Loss reserve and special reserve are not included in the liability adequacy test. Loss reserve is determined based on claims incurred before the valuation date and is therefore not included in the test.

Note 3: Cathay Life has settled the acquisition of Global Life and Singfor Life. Thus, the value of the acquired business, i.e., other reserves, shall be considered when calculating the book value of insurance liability included in the liability adequacy test.

Cathay Life's liability adequacy testing methodology is listed as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.

(Continued)

	September 30, 2025	December 31, 2024	September 30, 2024
b. Discount rate	<p>Under the asset allocation situation on June 30, 2025, on the best estimate scenario assumptions outlined in the 2024 actuarial valuation report. However, due to the company's adoption of the new external pricing mechanism starting in May 2025, the best estimate scenario assumptions were accordingly revised. These adjustments were made to reflect the company's overall rate of return, under the assumption that the discount rate remains constant 30 years into the future.</p>	<p>Under the asset allocation situation on September 30, 2024, the discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 30 years.</p>	<p>Under the asset allocation situation on June 30, 2024, the discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 30 years.</p>

(Concluded)

Cathay Lujiazui Life's liability adequacy testing methodology is listed as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation features as of the valuation date.
b. Discount rate	The discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2024; with neutral assumptions for the discount rate after 40 years.	The discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 40 years.	The discount rate is calculated using the overall return on investment for the Company under the best estimate scenario in the actuarial report for 2023; with neutral assumptions for the discount rate after 40 years.

Cathay Life (Vietnam)'s liability adequacy testing methodology is listed as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Test method	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)	Gross premium valuation method (GPV)
Groups	Integrated testing	Integrated testing	Integrated testing
Significant assumptions			
a. Information of policies	Includes insurance contracts and financial instruments with discretionary participation feature as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation feature as of the valuation date.	Includes insurance contracts and financial instruments with discretionary participation feature as of the valuation date.
b. Discount rate	Discount rates are calculated using the company's investment income rates based on the five-year financial forecast with neutral assumption for discount rates after 5 years.	Discount rates are calculated using the company's investment income rates based on the five-year financial forecast with neutral assumption for discount rates after 5 years.	Discount rates are calculated using the company's investment income rates based on the five-year financial forecast with neutral assumption for discount rates after 5 years.

8) Reserve for insurance contracts with the nature of financial products

Cathay Life and its subsidiaries issued financial instruments without discretionary participation features and recognized a reserve for insurance contracts with the nature of financial products. As of September 30, 2025, December 31, 2024 and September 30, 2024, reserve for insurance contracts with the nature of financial products is summarized and reconciled as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Life insurance	\$ 26,641,253	\$ 25,596,631	\$ 25,374,361
Investment-linked insurance	<u>1,325,309</u>	<u>1,264,465</u>	<u>1,212,194</u>
	<u>\$ 27,966,562</u>	<u>\$ 26,861,096</u>	<u>\$ 26,586,555</u>
	For the Nine Months Ended September 30		
	2025	2024	
Beginning balance	\$ 26,861,096	\$ 23,524,199	
Premiums received	3,703,392	3,957,245	
Claims and payments	(2,929,378)	(3,449,238)	
Net provision of statutory reserve	1,578,169	1,600,150	
Foreign exchange	<u>(1,246,717)</u>	<u>954,199</u>	
Ending balance	<u>\$ 27,966,562</u>	<u>\$ 26,586,555</u>	

9) Reserve for foreign exchange valuation

a) The hedging strategy and risk exposure

Based on the principle of risk control and to maintain the consistent level of reserve for foreign exchange valuation, Cathay Life consistently adjusts the hedge ratios and risk exposure position under the risk control.

b) Reconciliation for reserve for foreign exchange valuation

For the nine months ended September 30, 2025

	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Reserve - Reserve for Operating Loss	Life Insurance Reserve - Recover from Catastrophic Event Reserve	Life Insurance Reserve - Other Reinforcements Reserve Provisions	Other Reserve - Value of Business Acquired
Beginning balance	\$ 27,514,387	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,818,394
Provision:						
Compulsory reserve	8,176,621	-	-	-	-	-
Additional reserve (Note 1)	<u>94,998,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	103,174,671	-	-	-	-	-
Recovery						
From liability reserves and other reserves (Note 2)	<u>(89,520,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,000)</u>
	<u>14,633,429</u>	<u>(11,083,324)</u>	<u>(980)</u>	<u>(63,291)</u>	<u>(1,785,834)</u>	<u>(1,700,000)</u>
Ending balance	<u>\$ 55,802,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,394</u>

For the nine months ended September 30, 2024

	Reserve for Foreign Exchange Valuation	Special Reserve - Special Reserve for Revaluation Increments of Property	Life Insurance Reserve - Reserve for Operating Loss	Life Insurance Reserve - Recover from Catastrophic Event Reserve	Life Insurance Reserve - Other Reinforcements Reserve Provisions	Other Reserve - Value of Business Acquired
Beginning balance	\$ 20,773,326	\$ 11,083,324	\$ 980	\$ 63,291	\$ 1,785,834	\$ 1,834,253
Provision:						
Compulsory reserve	6,068,602	-	-	-	-	-
Additional reserve	<u>35,088,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	41,156,879	-	-	-	-	-
Recovery	<u>(18,366,834)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,497)</u>
Ending balance	<u>\$ 43,563,371</u>	<u>\$ 11,083,324</u>	<u>\$ 980</u>	<u>\$ 63,291</u>	<u>\$ 1,785,834</u>	<u>\$ 1,831,756</u>

Note 1: Cathay Life Insurance applied to and obtained approval from the FSC under letter Jin-Guan-Bao-Shou No. 1140424940 to make an additional provision of \$50,848,511 thousand to the foreign exchange valuation reserve in June 2025.

Note 2: Cathay Life Insurance applied to and obtained approval from the FSC under letter Jin-Guan-Bao-Shou No. 1140420671 to reclassify reserves to the foreign exchange valuation reserve in May 2025, including \$11,083,324 thousand from special reserve, \$1,850,105 thousand from policy reserves, and \$1,700,000 thousand from other reserves.

c) Effects due to reserve for foreign exchange valuation

Item	For the Nine Months Ended September 30, 2025		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income attributable to owners of the Company	\$ 85,545,555	\$ 74,622,032	\$ (10,923,523)
Earnings per share	5.59	4.84	(0.75)
Reserve for foreign exchange valuation	-	55,802,220	55,802,220
Equity attributable to owners of the Company	921,407,599	892,075,463	(29,332,136)

Item	For the Nine Months Ended September 30, 2024		
	Inapplicable Amount (1)	Applicable Amount (2)	Effects (3)=(2)-(1)
Net income attributable to owners of the Company	\$ 121,049,179	\$ 102,817,142	\$ (18,232,037)
Earnings per share	8.02	6.78	(1.24)
Reserve for foreign exchange valuation	-	43,563,371	43,563,371
Equity attributable to owners of the Company	954,623,447	923,375,646	(31,247,801)

b. Cathay Century and its subsidiaries

1) Unearned insurance premium reserve

a) Details of unearned premium reserve and ceded unearned premium reserve

Insurance Type	September 30, 2025				
	Unearned Premium Reserve		Ceded Unearned Premium Reserve		Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)		
Fire insurance	\$ 2,846,605	\$ 29,352	\$ 2,212,807	\$ 663,150	
Marine insurance	260,840	3,336	199,009	65,167	
Land and air insurance	8,731,632	-	399,399	8,332,233	
Liability insurance	1,813,523	8,868	512,583	1,309,808	
Guarantee insurance	55,929	1,865	38,846	18,948	
Other property insurance	3,625,427	38,562	3,197,658	466,331	
Accident insurance	1,730,885	4,308	118,646	1,616,547	
Health insurance	64,139	-	8,817	55,322	

(Continued)

September 30, 2025

Insurance Type	Unearned Premium Reserve		Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Inward Business (2)		
Policy-oriented residential earthquake insurance	\$ 251,147	\$ 37,763	\$ 251,147	\$ 37,763
Compulsory automobile liability insurance	<u>1,308,851</u>	<u>492,247</u>	<u>785,310</u>	<u>1,015,788</u>
	<u><u>\$ 20,688,978</u></u>	<u><u>\$ 616,301</u></u>	<u><u>\$ 7,724,222</u></u>	<u><u>\$ 13,581,057</u></u>
				(Concluded)

December 31, 2024

Insurance Type	Unearned Premium Reserve		Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Inward Business (2)		
Fire insurance	\$ 2,450,514	\$ 29,210	\$ 2,130,403	\$ 349,321
Marine insurance	225,031	2,788	166,845	60,974
Land and air insurance	8,644,774	96	427,433	8,217,437
Liability insurance	1,666,668	1,353	428,527	1,239,494
Guarantee insurance	56,420	682	37,346	19,756
Other property insurance	2,608,024	40,650	2,199,512	449,162
Accident insurance	1,710,424	4,081	97,548	1,616,957
Health insurance	50,951	-	-	50,951
Policy-oriented residential earthquake insurance	248,913	37,433	248,914	37,432
Compulsory automobile liability insurance	<u>1,292,594</u>	<u>488,279</u>	<u>775,557</u>	<u>1,005,316</u>
	<u><u>\$ 18,954,313</u></u>	<u><u>\$ 604,572</u></u>	<u><u>\$ 6,512,085</u></u>	<u><u>\$ 13,046,800</u></u>

September 30, 2024

Insurance Type	Unearned Premium Reserve		Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)		
	Reinsurance					
	Direct Business (1)	Inward Business (2)				
Fire insurance	\$ 2,703,006	\$ 31,010	\$ 2,257,702	\$ 476,314		
Marine insurance	245,599	3,923	204,685	44,837		
Land and air insurance	8,144,744	281	437,875	7,707,150		
Liability insurance	1,669,753	1,768	379,316	1,292,205		
Guarantee insurance	61,832	575	38,066	24,341		
Other property insurance	2,849,798	39,126	2,460,078	428,846		
Accident insurance	1,706,758	4,355	127,196	1,583,917		
Health insurance	55,877	-	-	55,877		
Policy-oriented residential earthquake insurance	245,667	36,703	245,667	36,703		
Compulsory automobile liability insurance	<u>1,279,745</u>	<u>484,794</u>	<u>767,847</u>	<u>996,692</u>		
	<u><u>\$ 18,962,779</u></u>	<u><u>\$ 602,535</u></u>	<u><u>\$ 6,918,432</u></u>	<u><u>\$ 12,646,882</u></u>		

b) Reconciliation of unearned premium reserve and ceded unearned premium reserve

	For the Nine Months Ended September 30			
	2025		2024	
	Unearned Premium Reserve	Ceded Unearned Premium Reserve	Unearned Premium Reserve	Ceded Unearned Premium Reserve
Beginning balance	\$ 19,558,885	\$ 6,512,085	\$ 17,487,375	\$ 5,538,053
Provision	21,318,838	7,730,925	19,563,703	6,917,677
Recovery	(19,553,295)	(6,499,348)	(17,515,239)	(5,542,783)
Foreign exchange	<u>(19,149)</u>	<u>(19,440)</u>	<u>29,475</u>	<u>5,485</u>
Ending balance	<u><u>\$ 21,305,279</u></u>	<u><u>\$ 7,724,222</u></u>	<u><u>\$ 19,565,314</u></u>	<u><u>\$ 6,918,432</u></u>

2) Loss reserve

a) Loss reserve and ceded loss reserve

Items	September 30, 2025			
	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed not yet paid	\$ 12,767,092	\$ 758,476	\$ 7,159,065	\$ 6,366,503
Not yet filed	<u>8,582,161</u>	<u>506,896</u>	<u>2,725,387</u>	<u>6,363,670</u>
	<u><u>\$ 21,349,253</u></u>	<u><u>\$ 1,265,372</u></u>	<u><u>\$ 9,884,452</u></u>	<u><u>\$ 12,730,173</u></u>

Items	December 31, 2024			
	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed not yet paid	\$ 10,432,690	\$ 886,929	\$ 5,727,594	\$ 5,592,025
Not yet filed	<u>7,116,113</u>	<u>497,011</u>	<u>2,515,974</u>	<u>5,097,150</u>
	<u><u>\$ 17,548,803</u></u>	<u><u>\$ 1,383,940</u></u>	<u><u>\$ 8,243,568</u></u>	<u><u>\$ 10,689,175</u></u>

Items	September 30, 2024			
	Loss Reserve		Ceded Loss Reserve	
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
Filed not yet paid	\$ 11,056,152	\$ 915,968	\$ 6,367,819	\$ 5,604,301
Not yet filed	<u>7,058,665</u>	<u>499,175</u>	<u>2,398,576</u>	<u>5,159,264</u>
	<u><u>\$ 18,114,817</u></u>	<u><u>\$ 1,415,143</u></u>	<u><u>\$ 8,766,395</u></u>	<u><u>\$ 10,763,565</u></u>

b) Net changes in loss reserve and ceded loss reserve

For the nine months ended September 30, 2025

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve (5)=(1)-(2)+(3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Filed not yet paid	\$ 12,820,998	\$ 10,452,475	\$ 758,476	\$ 886,928	\$ 2,240,071
Not yet filed	<u>8,547,950</u>	<u>7,076,155</u>	<u>506,896</u>	<u>497,011</u>	<u>1,481,680</u>
	<u><u>\$ 21,368,948</u></u>	<u><u>\$ 17,528,630</u></u>	<u><u>\$ 1,265,372</u></u>	<u><u>\$ 1,383,939</u></u>	<u><u>\$ 3,721,751</u></u>

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed not yet paid	\$ 7,193,170	\$ 5,731,036	\$ 1,462,134
Not yet filed	<u>2,708,646</u>	<u>2,495,864</u>	<u>212,782</u>
	<u><u>\$ 9,901,816</u></u>	<u><u>\$ 8,226,900</u></u>	<u><u>\$ 1,674,916</u></u>

For the nine months ended September 30, 2024

Items	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Loss Reserve
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	(5)=(1)-(2)+(3)-(4)
Filed not yet paid	\$ 11,091,304	\$ 7,082,962	\$ 915,968	\$ 989,786	\$ 3,934,524
Not yet filed	<u>7,019,083</u>	<u>5,880,217</u>	<u>499,175</u>	<u>522,105</u>	<u>1,115,936</u>
	<u><u>\$ 18,110,387</u></u>	<u><u>\$ 12,963,179</u></u>	<u><u>\$ 1,415,143</u></u>	<u><u>\$ 1,511,891</u></u>	<u><u>\$ 5,050,460</u></u>

Items	Ceded Reinsurance Business		Net Changes in Ceded Loss Reserve
	Provision (6)	Recovery (7)	(8)=(6)-(7)
Filed not yet paid	\$ 6,384,431	\$ 3,134,078	\$ 3,250,353
Not yet filed	<u>2,378,931</u>	<u>1,967,463</u>	<u>411,468</u>
	<u><u>\$ 8,763,362</u></u>	<u><u>\$ 5,101,541</u></u>	<u><u>\$ 3,661,821</u></u>

c) Details of liability for claims filed but not yet paid and claim not yet filed of policyholders

Insurance Type	September 30, 2025		
	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 6,163,168	\$ 405,801	\$ 6,568,969
Marine insurance	772,728	504,162	1,276,890
Land and air insurance	2,815,289	2,900,784	5,716,073
Liability insurance	1,098,867	1,483,474	2,582,341
Guarantee insurance	68,867	12,770	81,637
Other property insurance	1,764,827	1,367,815	3,132,642
Accident insurance	253,356	728,121	981,477
Health insurance	5,610	81,773	87,383
Policy-oriented residential earthquake insurance	-	153	153
Compulsory automobile liability insurance	<u>582,856</u>	<u>1,604,204</u>	<u>2,187,060</u>
	<u><u>\$ 13,525,568</u></u>	<u><u>\$ 9,089,057</u></u>	<u><u>\$ 22,614,625</u></u>

December 31, 2024

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 5,074,743	\$ 494,333	\$ 5,569,076
Marine insurance	894,316	376,131	1,270,447
Land and air insurance	2,398,458	2,318,718	4,717,176
Liability insurance	944,002	1,222,057	2,166,059
Guarantee insurance	50,647	35,091	85,738
Other property insurance	1,192,471	895,506	2,087,977
Accident insurance	218,429	618,349	836,778
Health insurance	5,191	71,254	76,445
Policy-oriented residential earthquake insurance	800	330	1,130
Compulsory automobile liability insurance	<u>540,562</u>	<u>1,581,355</u>	<u>2,121,917</u>
	<u><u>\$ 11,319,619</u></u>	<u><u>\$ 7,613,124</u></u>	<u><u>\$ 18,932,743</u></u>

September 30, 2024

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 6,070,577	\$ 352,167	\$ 6,422,744
Marine insurance	828,195	345,703	1,173,898
Land and air insurance	2,372,521	2,264,838	4,637,359
Liability insurance	911,088	1,144,529	2,055,617
Guarantee insurance	49,782	35,951	85,733
Other property insurance	956,839	838,322	1,795,161
Accident insurance	228,988	609,252	838,240
Health insurance	4,824	155,111	159,935
Policy-oriented residential earthquake insurance	1,106	735	1,841
Compulsory automobile liability insurance	<u>548,200</u>	<u>1,811,232</u>	<u>2,359,432</u>
	<u><u>\$ 11,972,120</u></u>	<u><u>\$ 7,557,840</u></u>	<u><u>\$ 19,529,960</u></u>

d) Details of ceded loss reserve for claims filed but not yet paid and claims not yet filed of policyholders

September 30, 2025

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 4,598,732	\$ 21,739	\$ 4,620,471
Marine insurance	619,123	353,756	972,879
Land and air insurance	105,339	91,252	196,591
Liability insurance	553,517	544,770	1,098,287
Guarantee insurance	14,721	4,500	19,221
Other property insurance	1,034,104	954,023	1,988,127
Accident insurance	10,676	62,283	72,959
Health insurance	4	5,259	5,263

(Continued)

September 30, 2025

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Policy-oriented residential earthquake insurance	\$ -	\$ -	\$ -
Compulsory automobile liability insurance	<u>222,849</u>	<u>687,805</u>	<u>910,654</u>
	<u><u>\$ 7,159,065</u></u>	<u><u>\$ 2,725,387</u></u>	<u><u>\$ 9,884,452</u></u>
			(Concluded)

December 31, 2024

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 3,480,060	\$ 293,145	\$ 3,773,205
Marine insurance	721,929	248,445	970,374
Land and air insurance	98,993	64,885	163,878
Liability insurance	448,593	461,020	909,613
Guarantee insurance	10,802	21,750	32,552
Other property insurance	765,261	689,664	1,454,925
Accident insurance	8,750	58,129	66,879
Health insurance	-	931	931
Policy-oriented residential earthquake insurance	800	-	800
Compulsory automobile liability insurance	<u>192,406</u>	<u>678,005</u>	<u>870,411</u>
	<u><u>\$ 5,727,594</u></u>	<u><u>\$ 2,515,974</u></u>	<u><u>\$ 8,243,568</u></u>

September 30, 2024

Insurance Type	Filed Not Yet Paid	Not Yet Filed	Total
Fire insurance	\$ 4,279,517	\$ 114,364	\$ 4,393,881
Marine insurance	666,278	220,890	887,168
Land and air insurance	96,564	61,362	157,926
Liability insurance	420,226	447,182	867,408
Guarantee insurance	10,820	22,913	33,733
Other property insurance	689,161	656,970	1,346,131
Accident insurance	9,462	56,588	66,050
Health insurance	-	805	805
Policy-oriented residential earthquake insurance	800	-	800
Compulsory automobile liability insurance	<u>194,991</u>	<u>817,502</u>	<u>1,012,493</u>
	<u><u>\$ 6,367,819</u></u>	<u><u>\$ 2,398,576</u></u>	<u><u>\$ 8,766,395</u></u>

e) Reconciliation of loss reserve and ceded loss reserve

	For the Nine Months Ended September 30			
	2025		2024	
	Loss Reserve	Ceded Loss Reserve	Loss Reserve	Ceded Loss Reserve
Beginning balance	\$ 18,932,743	\$ 8,243,568	\$ 14,473,113	\$ 5,099,991
Provision	22,634,320	9,901,816	19,525,530	8,763,362
Recovery	(18,912,569)	(8,226,900)	(14,475,070)	(5,101,541)
Foreign exchange	(39,869)	(34,032)	6,387	4,583
Ending balance	<u>\$ 22,614,625</u>	<u>\$ 9,884,452</u>	<u>\$ 19,529,960</u>	<u>\$ 8,766,395</u>

3) Special reserve

a) Special reserve for compulsory automobile liability insurance

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 1,388,959	\$ 1,070,300
Provision	105,827	177,128
Recovery	(5,417)	(59,818)
Ending balance	<u>\$ 1,489,369</u>	<u>\$ 1,187,610</u>

In accordance with Article 2 of the Compulsory Automobile Liability Insurance Act and Article 24-2, Paragraph 1 of the Deposit and Withdrawal Methods of Various Reserves in the Insurance Industry, as authorized by Article 145, Paragraph 2 and Article 148-3, Paragraph 2 of the Insurance Act, from January 1 to September 30, 2025 and 2024, NT\$15 and NT\$30 per insurance contract were set aside as this reserve, respectively, recognized as expenses in its own compulsory automobile liability insurance business. In the event of a deficit in the annual net premium for this business, the deficit shall be compensated with the special reserve first; any remaining shortfall shall be handled in accordance with the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance.

b) Special reserve for all insurances other than compulsory automobile liability insurance

	For the Nine Months Ended September 30, 2025		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 94,662	\$ 308,499	\$ 403,161
Provision	-	-	-
Recovery	-	-	-
Ending balance	<u>\$ 94,662</u>	<u>\$ 308,499</u>	<u>\$ 403,161</u>

	For the Nine Months Ended September 30, 2024		
	Catastrophic Event	Fluctuation of Risk	Total
Beginning balance	\$ 374,537	\$ 308,499	\$ 683,036
Provision	-	-	-
Recovery	<u>(279,875)</u>	<u>-</u>	<u>(279,875)</u>
Ending balance	<u>\$ 94,662</u>	<u>\$ 308,499</u>	<u>\$ 403,161</u>

The Directions for Strengthening Disaster Reserve by Non-Life Insurance Enterprises (formerly Directions for Strengthening Natural Disaster Insurance (Commercial Earthquake, Typhoon and Flood Insurance) Reserve by Non-Life Insurance Enterprises), the Directions in Strengthening the Reserve Provision Made by the Co-Insurance Members Undertaking the Taiwan Residential Earthquake Insurance, and the Directions for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises were not applied. There is no material impact on Cathay Century and its subsidiaries income before tax and earnings per share for the nine months ended September 30, 2025 and 2024. The special reserve under liabilities decreased by \$94,662 thousand, and the special reserve under equity increased by \$239,520 thousand for both periods.

4) Premium deficiency reserve

a) Premium deficiency reserve and ceded premium deficiency reserve

Insurance Type	September 30, 2025			
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve	Retained Business (4)=(1)+(2)-(3)
	Direct Business (1)	Reinsurance Inward Business (2)	Ceded Reinsurance Business (3)	
Fire insurance	\$ -	\$ -	\$ -	\$ -
Marine insurance	1,246	809	-	2,055
Land and air insurance	-	-	-	-
Liability insurance	-	-	-	-
Guarantee insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Health insurance	-	-	-	-
Policy-oriented residential earthquake insurance	-	-	-	-
Compulsory automobile liability insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,246</u>	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ 2,055</u>

Insurance Type	December 31, 2024				(4)=(1)+(2)-(3)	
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve			
	Direct Business (1)	Reinsurance	Inward Business (2)	Ceded Reinsurance Business (3)		
Fire insurance	\$ 409	\$ -		\$ -	\$ 409	
Marine insurance	20		143		163	
Land and air insurance	-		120		120	
Liability insurance	-		-		-	
Guarantee insurance	-		-		-	
Other property insurance	-		-		-	
Accident insurance	-		-		-	
Health insurance	-		-		-	
Policy-oriented residential						
earthquake insurance	-		-		-	
Compulsory automobile liability insurance	-		-		-	
	_____	_____	_____	_____	_____	
	<u>\$ 429</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692</u>	

Insurance Type	September 30, 2024				(4)=(1)+(2)-(3)	
	Premium Deficiency Reserve		Ceded Premium Deficiency Reserve			
	Direct Business (1)	Reinsurance	Inward Business (2)	Ceded Reinsurance Business (3)		
Fire insurance	\$ -	\$ -		\$ -	\$ -	
Marine insurance	-		-		-	
Land and air insurance	-		360		360	
Liability insurance	-		-		-	
Guarantee insurance	-		-		-	
Other property insurance	-		-		-	
Accident insurance	-		-		-	
Health insurance	-		-		-	
Policy-oriented residential						
earthquake insurance	-		-		-	
Compulsory automobile liability insurance	-		-		-	
	_____	_____	_____	_____	_____	
	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360</u>	

b) Net loss recognized for premium deficiency reserve - net changes in premium deficiency reserve and ceded premium deficiency reserve

Insurance Type	For the Nine Months Ended September 30, 2025									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve		Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
	Provision	Recovery	Provision	Recovery	(5)=(1)-(2)+(3)-(4)	Provision	Recovery	(8)=(6)-(7)	(9)=(5)-(8)	
Fire insurance	\$ -	\$ 409	\$ -	\$ -	\$ (409)	\$ -	\$ -	\$ -	\$ (409)	
Marine insurance	\$ 1,246	\$ 20	\$ 809	\$ 143	\$ 1,892				\$ 1,892	
Land and air insurance	-	-	-	120	(120)	-	-	-	(120)	
Liability insurance	-	-	-	-	-	-	-	-	-	
Guarantees insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	-	-	-	-	-	-	-	-	
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-	
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-	
	<u>\$ 1,246</u>	<u>\$ 429</u>	<u>\$ 809</u>	<u>\$ 263</u>	<u>\$ 1,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,363</u>	

Insurance Type	For the Nine Months Ended September 30, 2024									
	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Premium Deficiency Reserve		Ceded Reinsurance Business		Net Changes in Ceded Premium Deficiency Reserve	Net Loss Recognized for Premium Deficiency Reserve
	Provision	Recovery	Provision	Recovery	(5)=(1)-(2)+(3)-(4)	Provision	Recovery	(8)=(6)-(7)	(9)=(5)-(8)	
Fire insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Marine insurance	-	12	-	-	(12)				(12)	
Land and air insurance	-	-	360	-	360	-	-	-	360	
Liability insurance	-	-	-	-	-	-	-	-	-	
Guarantees insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	-	-	-	-	-	-	-	-	
Policy-oriented residential earthquake insurance	-	-	-	-	-	-	-	-	-	
Compulsory automobile liability insurance	-	-	-	-	-	-	-	-	-	
	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348</u>	

c) Reconciliation of premium deficiency reserve and ceded premium deficiency reserve

	For the Nine Months Ended September 30				
	2025		2024		
	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	Premium Deficiency Reserve	Ceded Premium Deficiency Reserve	
Beginning balance	\$ 692	\$ -	\$ 12	\$ -	
Provision	2,055	-	360	-	
Recovery	(692)	-	(12)	-	
Ending balance	<u>\$ 2,055</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ -</u>	

5) Policy reserve

a) Details of policy reserve and ceded policy reserve

September 30, 2025

Insurance Type	Policy Reserve		Ceded Policy Reserve Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)		
Health insurance	\$ 11	\$ -	\$ -	\$ 11

December 31, 2024

Insurance Type	Policy Reserve		Ceded Policy Reserve Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)		
Health insurance	\$ 28	\$ -	\$ -	\$ 28

September 30, 2024

Insurance Type	Policy Reserve		Ceded Policy Reserve Ceded Reinsurance Business (3)	Retained Business (4)=(1)+(2)-(3)
	Direct Underwriting Business (1)	Reinsurance Inward Business (2)		
Health insurance	\$ 50	\$ -	\$ -	\$ 50

b) Net changes in policy reserve and ceded policy reserve

For the nine months ended September 30, 2025

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve (5)=(1)-(2)+ (3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Health insurance	\$ -	\$ 17	\$ -	\$ -	\$ (17)
Insurance Type			Ceded Reinsurance Business		Net Changes in Ceded Policy Reserve (8)=(6)-(7)
			Provision (6)	Recovery (7)	
Health insurance			\$ -	\$ -	\$ -

For the nine months ended September 30, 2024

Insurance Type	Direct Underwriting Business		Reinsurance Inward Business		Net Changes in Policy Reserve (5)=(1)-(2)+ (3)-(4)
	Provision (1)	Recovery (2)	Provision (3)	Recovery (4)	
Health insurance	\$ ____ -	\$ ____ 38	\$ ____ -	\$ ____ -	\$ ____ (38)
Net Changes in Ceded Policy Reserve (8)=(6)-(7)					
Insurance Type	Ceded Reinsurance Business		Provision (6)	Recovery (7)	
Health insurance	\$ ____ -		\$ ____ -	\$ ____ -	\$ ____ -

24. RETIREMENT BENEFIT PLANS

The pension expense of defined benefit plans was calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively, and recognized as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Employee benefit expenses	\$ 71,603	\$ 93,227	\$ 215,036	\$ 279,562

25. OTHER FINANCIAL ASSETS AND LIABILITIES

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Other financial assets</u>			
Separate account insurance product assets	\$ 800,857,006	\$ 790,958,446	\$ 778,838,365
Others	<u>15,757,542</u>	<u>19,395,219</u>	<u>16,243,189</u>
	<u>\$ 816,614,548</u>	<u>\$ 810,353,665</u>	<u>\$ 795,081,554</u>
<u>Other financial liabilities</u>			
Separate account insurance product liabilities	\$ 800,857,006	\$ 790,958,446	\$ 778,838,365
Principal received from the sale of structured products	<u>52,466,472</u>	<u>49,439,920</u>	<u>54,655,993</u>
Others	<u>18,091,732</u>	<u>15,412,483</u>	<u>12,864,866</u>
	<u>\$ 871,415,210</u>	<u>\$ 855,810,849</u>	<u>\$ 846,359,224</u>

a. The related accounts of Cathay Life's separate account insurance products were summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Separate account insurance product assets</u>			
Cash in bank	\$ 470,738	\$ 612,078	\$ 668,152
Financial assets at FVTPL	793,019,935	774,239,033	772,019,169
Other receivables	<u>7,270,190</u>	<u>16,013,626</u>	<u>6,054,616</u>
	<u><u>\$ 800,760,863</u></u>	<u><u>\$ 790,864,737</u></u>	<u><u>\$ 778,741,937</u></u>
<u>Separate account insurance product liabilities</u>			
Other payables	\$ 1,049,303	\$ 1,681,405	\$ 983,171
Reserve for separate accounts - insurance contracts	294,390,349	286,190,196	287,980,070
Reserve for separate accounts - investment contracts	<u>505,321,211</u>	<u>502,993,136</u>	<u>489,778,696</u>
	<u><u>\$ 800,760,863</u></u>	<u><u>\$ 790,864,737</u></u>	<u><u>\$ 778,741,937</u></u>
For the Three Months Ended September 30			
	2025	2024	
<u>Separate account insurance product income</u>			
Premium income	\$ 9,874,574	\$ 10,065,678	\$ 27,496,422
Interest income	3,106	3,683	9,317
Gains from financial assets at FVTPL	20,250,915	9,705,298	33,651,046
Foreign exchange gains (losses)	<u>6,745,949</u>	<u>(4,954,697)</u>	<u>(14,821,658)</u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
<u>Separate account insurance product expenses</u>			
Claims and payments	\$ 2,952,375	\$ 3,792,628	\$ 8,553,437
Cash surrender value	7,411,906	9,910,043	23,874,171
Provision of separate account reserve	25,538,738	166,095	11,028,434
Administrative expenses	1,056,424	1,019,549	3,095,631
Non-operating income and expenses	<u>(84,899)</u>	<u>(68,353)</u>	<u>(216,546)</u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
	<u><u>\$ 36,874,544</u></u>	<u><u>\$ 14,819,962</u></u>	<u><u>\$ 46,335,127</u></u>
<u>For the Nine Months Ended September 30</u>			
	2025	2024	

For the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the rebates earned from counterparties due to the business of separate account insurance products were \$150,990 thousand, \$176,328 thousand, \$490,585 thousand and \$504,152 thousand, respectively, which were recorded under net gain on service fee income.

b. The related accounts of Cathay Lujiazui Life's separate account insurance products were summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Separate account insurance product assets</u>			
Cash in bank	\$ 11,080	\$ 9,492	\$ 8,793
Financial assets at FVTPL	85,054	84,210	87,623
Others	<u>9</u>	<u>7</u>	<u>12</u>
	<u><u>\$ 96,143</u></u>	<u><u>\$ 93,709</u></u>	<u><u>\$ 96,428</u></u>
<u>Separate account insurance product liabilities</u>			
Other payables	\$ 1,137	\$ 27	\$ -
Reserve for separate accounts - insurance contracts	<u>95,006</u>	<u>93,682</u>	<u>96,428</u>
	<u><u>\$ 96,143</u></u>	<u><u>\$ 93,709</u></u>	<u><u>\$ 96,428</u></u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2025	2024	2025
<u>Separate account insurance product income</u>			
Premium income	\$ 13	\$ 14	\$ 17
Gains from financial assets at FVTPL	11,932	5,328	17,735
Interest income	<u>2</u>	<u>4</u>	<u>6</u>
	<u><u>\$ 11,947</u></u>	<u><u>\$ 5,346</u></u>	<u><u>\$ 17,758</u></u>
	<u><u>\$ 11,947</u></u>	<u><u>\$ 5,346</u></u>	<u><u>\$ 17,758</u></u>
<u>Separate account insurance product expenses</u>			
Cash surrender value	\$ 6,640	\$ (2,293)	\$ 11,012
Provision of separate account reserve	4,935	7,367	5,803
Others	<u>372</u>	<u>272</u>	<u>943</u>
	<u><u>\$ 11,947</u></u>	<u><u>\$ 5,346</u></u>	<u><u>\$ 17,758</u></u>
	<u><u>\$ 11,947</u></u>	<u><u>\$ 5,346</u></u>	<u><u>\$ 17,758</u></u>

26. EQUITY

a. Share capital

	September 30, 2025	December 31, 2024	September 30, 2024
Number of shares authorized (in thousands)	<u>18,000,000</u>	<u>18,000,000</u>	<u>18,000,000</u>
Shares authorized	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>
Number of shares issued and fully paid (in thousands)			
Ordinary shares	<u>14,669,210</u>	<u>14,669,210</u>	<u>14,669,210</u>
Preference shares	<u>1,533,300</u>	<u>1,533,300</u>	<u>1,533,300</u>
Shares issued	<u>\$ 162,025,102</u>	<u>\$ 162,025,102</u>	<u>\$ 162,025,102</u>

Ordinary shares issued, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Issuance of preference shares

- 1) On September 9, 2016, the board of directors resolved to capital raising through issuance of Series A Preference Shares. The Company issued 833,300 thousand preference shares, with a par value of \$10 per share and total amount of \$8,333,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1050041628 on October 25, 2016. The base date of capital increase was December 8, 2016. All issued shares were registered and recognized as equity. The rights and obligations of Series A Preference Shares are as follows:
 - a) 3.8% per annum for Series A Preference Shares (7-year IRS 1.06%+2.74%) calculated pursuant to the issue price per share. Interest rate per annum will be reset on the day after the 7th year from the issue date (“Issue Date”) and the day after each subsequent 7-year period hereafter. The record date for reset of interest rate shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, PYTWDFIX and COSMOS3 at 11:00 a.m. of the day of the record date for reset of interest rate (must be a business day for Taipei’s financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.21% as of December 8, 2023.
 - b) If there are retained earnings, before the issuer can distribute dividends for Series A Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividends.
 - c) The Company has the sole discretion to distribute dividends of Series A Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series A Preference Share dividends, or preference share dividend distribution would render the Company’s CAR ratio below the level required by law or by the authorities. The Company’s cancellation of preference share dividend distribution shall not be deemed an event of default. Series A Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.

- d) Dividends for Series A Preference Shares are distributed once a year in cash. After shareholders' approval of the issuer's financial statements at its annual shareholders' meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders' approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
- e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from profit or additional paid-in capital.
- f) Holders of Series A Preference Shares shall have the same priority as holders of all subsequently issued preference shares in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.
- g) Holders of Series A Preference Shares have no voting rights at the annual shareholders' meeting and cannot elect directors. However, holders of Series A Preference Shares have voting rights at the meeting of Series A Preference Shareholders, and at the shareholders' meeting on items relating to the rights of Series A Preference Shareholders.
- h) Holders of Series A Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series A Preference Shares.
- i) Through issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series A Preference Shares at the issue price. Rights and obligations of the unredeemed Series A Preference Shares shall remain the same as mentioned above.

2) On February 9, 2018, the board of directors resolved the capital raising through issuance of Series B Preference Shares. The Company issued 700,000 thousand preference shares, with a par value of \$10 per share and total amount of \$7,000,000 thousand, and the issue price was \$60 per share. The capital raising was approved by the FSC Jin Guan Zheng Fa No. 1070313814 on May 10, 2018. The base date of capital increase was June 27, 2018. All issued shares were registered and recognized as equity. The rights and obligations of Series B Preference Shares are as follows:

- a) 3.55% per annum for Series B Preference Shares (7-year IRS 1.1675%+2.3825%) calculated pursuant to the issue price per share. The interest rate per annum will be reset on the day after the 7th year from the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter. The record date for interest reset shall be 2 business days before the interest reset day for financial institutions in Taipei. The 7-year IRS rate shall be the arithmetic mean of 7-year IRS quotations as published by Reuters, TAIFXIRS and COSMOS3 at 11:00 a.m. of the day of reset record date (must be a business day for Taipei's financial institutions). If the above quotations cannot be obtained on the record date for reset of interest rate, the interest rate shall be decided by the issuer in good faith, taking into account the reasonable market trends. The aforementioned interest rate was reset to 4.0375% as of June 27, 2025.
- b) If there are retained earnings, before the issuer can distribute dividends for Series B Preference Shares, the Company shall first: (i) pay all taxes and dues (ii) offset its losses in previous years (iii) set aside legal reserve, or set aside or reverse special reserve and (iv) the distribution of the remaining portion, if any, will first be distributed as preference share dividend.

- c) The Company has the sole discretion to distribute dividend of the Series B Preference Shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for Series B Preference Share dividends, or preference share dividend distribution would render the Company's CAR ratio below the level required by law or by the authorities. The Company's cancellation of preference share dividend distribution shall not be deemed an event of default. Series B Preference Shares are non-cumulative. Undeclared or under-declared dividends are not cumulative and are not paid in subsequent years with profit.
- d) Dividends for Series B Preference Shares are distributed once a year in cash. After shareholders' approval of the issuer's financial statements at its annual shareholders' meeting, the board of directors may set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption (such as the shareholders' approval of dividends declaration on shareholders meeting) shall be calculated pursuant to the actual issued days of the given year.
- e) Except for receipt of dividends at the aforementioned dividend rate in Paragraph (a), holders of Preference Shares cannot participate in the distribution of cash or stock dividends to holders of common shares from the profit or additional paid-in capital.
- f) Holders of Series B Preference Shares shall have the same priority as holders of all subsequently issued preference share in liquidation, which are prior to holders of ordinary shares but subordinated to general creditors, to the extent of the issuance amount.
- g) Holders of Series B Preference Shares have no voting rights at the annual shareholders' meeting and cannot elect directors. However, holders of Series B Preference Shares have voting rights at the shareholders' meeting of Series B Preference Shareholders, and at the annual shareholders' meeting on items relating to rights of Series B Preference Shareholders.
- h) Holders of Series B Preference Shares cannot convert the said preference shares to ordinary shares and have no right to request the Company for redemption of Series B Preference Shares.
- i) Through the issuance of perpetual preferred stock, on the day after the 7th year from the issue date, the Company may redeem all or part of the outstanding Series B Preference Shares at the issue price. Rights and obligations of the unredeemed Series B Preference Shares shall remain the same as mentioned above.

Issuance of overseas depository receipts

The Company's shares have been listed on the Taiwan Stock Exchange in accordance with relevant regulations since the Company was incorporated on December 31, 2001. Since July 29, 2003, the Company has listed a portion of its ordinary shares on the Luxembourg Stock Exchange in the form of Global Depository Shares (GDSs).

b. Capital surplus

1) Capital surplus comprises the following:

	September 30, 2025	December 31, 2024	September 30, 2024
Additional paid-in capital	\$ 197,202,720	\$ 197,202,720	\$ 197,202,720
Treasury share transactions	2,539,377	2,539,377	2,539,377
Additional paid-in capital - employee stock options	1,192,146	1,192,146	1,192,146
Conversion of convertible bonds	1,144,486	1,144,486	1,144,486
Others	<u>1,040,462</u>	<u>1,065,093</u>	<u>1,029,291</u>
	<u>\$ 203,119,191</u>	<u>\$ 203,143,822</u>	<u>\$ 203,108,020</u>

2) According to relevant regulations, capital surplus may not be used except to offset company deficits. However, capital surplus generated from the excess proceeds from issuing shares above par value (including capital surplus from issuing common shares above par value, capital surplus from merger-related stock issuance, and treasury stock transactions) may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year). Additionally, distributing cash from capital surplus must comply with Rule No. 11302701271 issued by the Banking Bureau of the FSC.

c. Retained earnings and dividends policy

In order to continue the Company's business expansion and to enhance the profit earning capability, as well as to reserve the capital needed based on the long-term financial planning for perpetual operation and stabilized development, the Company has adopted a residual dividend policy.

Under the dividends policy as set forth in the Company's articles ("Articles"), when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, the payment of preferred dividends, and then any remaining profit (earning of the current year) and reversal of special reserve in accordance with the laws and regulations together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. When declaring the distribution of dividends, the principle that the Company adopts is to retain the necessary funds by distributing stock dividends, and the excess may be distributed in the form of cash dividends. However, the total distribution shall be no less than 20% of earning of the current year, and the cash dividends shall be no less than 10% of the total dividends declared for the year. For the policies on the distribution of compensation of employees and remuneration of directors in the Articles, refer to compensation of employees and remuneration of directors in Note 27 e.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash according to Rule No. 11302701271 issued by the Banking Bureau of the FSC.

The appropriations of earnings for 2024 and 2023 that had been resolved by the shareholders in their meetings on June 13, 2025 and June 14, 2024, respectively, were as follows:

	Appropriation of Earnings	
	2024	2023
Legal reserve	\$ 11,256,386	\$ 5,024,046
Provision (reversal) of special reserve	192,021,661	(148,333,694)
Cash dividends of ordinary shares	51,342,235	29,338,420
Cash dividends of preference shares	3,595,916	3,404,403

d. Special reserves

	September 30, 2025	December 31, 2024	September 30, 2024
Special reserve transferred from reserve for trading default and for trading loss (1)	\$ 333,598	\$ 333,598	\$ 333,598
Special reserve reclassified from liability (2)	3,744,467	3,744,467	3,744,467
Special reserve for appropriation at the first-time adoption of IFRS Accounting Standards (3)	2,994,565	2,994,565	2,994,565
Special reserve for appreciation of investment properties (4)	110,940,379	109,830,400	109,830,400
Special reserve transferred from insurance liabilities (5)	34,764,311	34,764,311	34,764,311
Special reserve appropriated for other equity deduction (6)	57,994,700	78,460,876	78,460,876
Reclassification by the insurance subsidiary for fair value changes of financial assets (7)	<u>211,377,858</u>	<u>-</u>	<u>-</u>
	<u>\$ 422,149,878</u>	<u>\$ 230,128,217</u>	<u>\$ 230,128,217</u>

- 1) Cathay United Bank, Cathay Securities and Cathay Futures reclassified the appropriated default losses reserve and trading losses reserve as of December 31, 2010 as special reserve according to the relevant regulations. It shall not be used except for the transfer in accordance with the matters prescribed by the competent authority. The Company set aside a special reserve of \$333,598 thousand in 2011.
- 2) According to the Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises, for the special reserves for catastrophic event and for fluctuation of risk as of January 1, 2012, amounting to \$9,022,812 thousand, Cathay Life transferred half of the reserves amounting to \$4,511,405 thousand, net of tax effect, to special reserve under retained earnings amounting to \$3,744,467 thousand; half of the reserves were kept as the initial amount of reserve for foreign exchange valuation. The Company set aside a special reserve of \$3,744,467 thousand in 2013.

3) At the first-time adoption of the IFRS Accounting Standards, Cathay Life chose to use fair values as the deemed costs of investment properties in accordance with Article 32 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the increments on property revaluation should be offset by other negative effects on the first-time adoption of the IFRS Accounting Standards. The remaining increments on property revaluation should be recovered as special reserve under liabilities and the portion of increments on property revaluation used for offsetting other negative effects is recognized as retained earnings. In accordance with Bao (Tsai) No. 10202508140, the abovementioned adjustments of retained earnings amounting to \$2,994,565 thousand should be set aside as special reserve under equity following Jin Guan Bao Tsai No. 10102508861. The Company set aside a special reserve of \$2,994,565 thousand in 2013.

4) The Group adopting the fair value model for investment properties, according to Jin Guan Zheng Fa No. 10901500221, the Group appropriated a special reserve as the increase of retained earnings due to the adoption. Any special reserve appropriated may be reversed when the value of investment properties decrease or when they are disposed.

5) Cathay Life transferred insurance liabilities of \$34,764,311 thousand to special reserve in accordance with Jin Guan Bao Tsai No. 10402029590. The Company set aside a special reserve of \$34,764,311 thousand in 2015.

6) The Group appropriates or reverses a special reserve in accordance with Jin Guan Zheng Fa No. 1090150022. If there is a net deduction of other equity accumulated in the previous period, the Group should appropriate the same amount of special reserve from the unappropriated retained earnings in the previous period. Distributions can be made out of any subsequent reversal of the debit to other equity items.

7) The Group pursuant to Jin Guan Yin Fa No. 11102279031 and other correspondence specifications issued on November 4, 2022, as appropriation of earnings, the Company shall set aside a special surplus reserve of the same amount for the change in the fair value of the financial assets reclassified by the insurance subsidiaries.

e. Other equity

1) Exchange differences on translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ (7,585,169)	\$ (12,961,984)
Recognized for the period	(6,911,279)	4,334,183
Share of associates and joint ventures accounted for using the equity method	(1,236,248)	1,194,942
Disposal of interest in subsidiaries	-	82,145
Tax effects	718,719	(303,203)
Other comprehensive (loss) income recognized for the period	<u>(7,428,808)</u>	<u>5,308,067</u>
Ending balance	\$ (15,013,977)	\$ (7,653,917)

2) Unrealized gain on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	<u>\$ (13,142,474)</u>	<u>\$ (14,758,415)</u>
Recognized for the period	26,443,117	30,918,568
Share of associates and joint ventures accounted for using the equity method	118,763	450,128
Reclassification adjustments		
Disposal of debt instruments	(701,826)	(1,058,873)
Tax effects	<u>(4,347,691)</u>	<u>(1,551,557)</u>
Other comprehensive income recognized for the period	<u>21,512,363</u>	<u>28,758,266</u>
Changes in associates and joint ventures accounted for using the equity method	(2,230)	(8,949)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	(4,334,923)	(2,911,941)
Disposal of interests in subsidiaries	<u>-</u>	<u>(94)</u>
Ending balance	<u>\$ 4,032,736</u>	<u>\$ 11,078,867</u>

3) (Loss) gain on hedging instruments

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	<u>\$ (354,267)</u>	<u>\$ 510,499</u>
Recognized for the period	(1,141,760)	(529,440)
Reclassification adjustments		
Profit affected by hedged items	1,006,312	247,615
Exchange rate changes	13,003	(2,198)
Tax effects	24,724	56,805
Disposal of interests in subsidiaries	<u>-</u>	<u>6,118</u>
Other comprehensive loss recognized for the period	<u>(97,721)</u>	<u>(221,100)</u>
Ending balance	<u>\$ (451,988)</u>	<u>\$ 289,399</u>

4) Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	<u>\$ (420,102)</u>	<u>\$ (833,793)</u>
Recognized for the period	282,872	739,487
Tax effects	<u>(56,575)</u>	<u>(147,897)</u>
Other comprehensive income recognized for the period	<u>226,297</u>	<u>591,590</u>
Ending balance	<u>\$ (193,805)</u>	<u>\$ (242,203)</u>

5) Remeasurement of defined benefit plans

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 1,075,791	\$ (1,117,660)
Recognized for the period	(585)	(2,330)
Share of associates and joint ventures accounted for using the equity method	2,341	(1,305)
Tax effects	39	410
Other comprehensive gain (loss) recognized for the period	<u>1,795</u>	<u>(3,225)</u>
Ending balance	<u><u>\$ 1,077,586</u></u>	<u><u>\$ (1,120,885)</u></u>

6) Property revaluation surplus

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 12,609,000	\$ 12,612,706
Share of associates and joint ventures accounted for using the equity method	-	(3,706)
Other comprehensive loss recognized for the period	-	(3,706)
Transferred to retained earnings	<u>(748)</u>	<u>-</u>
Ending balance	<u><u>\$ 12,608,252</u></u>	<u><u>\$ 12,609,000</u></u>

7) Other comprehensive loss on reclassification using the overlay approach

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ (50,177,479)	\$ (60,150,205)
Recognized for the period		
Unrealized gain	33,998,936	126,101,377
Reclassification adjustments		
Disposal of financial instruments	(64,062,369)	(93,433,092)
Tax effects	<u>(358,258)</u>	<u>(3,783,477)</u>
Other comprehensive (loss) income recognized for the period	<u>(30,421,691)</u>	<u>28,884,808</u>
Ending balance	<u><u>\$ (80,599,170)</u></u>	<u><u>\$ (31,265,397)</u></u>

8) Other equity - other

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ -	\$ (1,762,024)
Disposal of interests in subsidiaries	<u>-</u>	<u>1,762,024</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 17,835,184	\$ 13,390,967
Attributed to non-controlling interest		
Net income for the period	277,397	537,354
Exchange differences on translation of the financial statements of foreign operations	(844,521)	423,254
Unrealized loss on financial assets at FVTOCI	(76,267)	(66,910)
Other comprehensive (loss) income on reclassification using the overlay approach	(980,582)	2,110,902
Fair value loss on hedging instruments	(1,177)	-
Acquisition of non-controlling interests in subsidiaries (Note 41)	(310,237)	-
Others	(79,054)	(335,906)
Disposal of interests in subsidiaries (Note 40)	-	(530,893)
Ending balance	<u>\$ 15,820,743</u>	<u>\$ 15,528,768</u>

27. NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

a. Net gain on service fee and commission fee

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Service fee revenue	\$ 14,923,231	\$ 14,017,040	\$ 43,272,526	\$ 39,982,276
Commission fee revenue	<u>385,334</u>	<u>269,938</u>	<u>2,281,189</u>	<u>1,516,569</u>
	<u><u>15,308,565</u></u>	<u><u>14,286,978</u></u>	<u><u>45,553,715</u></u>	<u><u>41,498,845</u></u>
Service fee expense	(3,901,797)	(3,919,999)	(11,685,983)	(10,817,338)
Commission fee expense	<u>(7,796,312)</u>	<u>(6,378,979)</u>	<u>(21,946,787)</u>	<u>(19,264,815)</u>
	<u><u>(11,698,109)</u></u>	<u><u>(10,298,978)</u></u>	<u><u>(33,632,770)</u></u>	<u><u>(30,082,153)</u></u>
	<u><u><u>\$ 3,610,456</u></u></u>	<u><u><u>\$ 3,988,000</u></u></u>	<u><u><u>\$ 11,920,945</u></u></u>	<u><u><u>\$ 11,416,692</u></u></u>

b. Net gain (loss) on insurance operations

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Retained premiums earned	\$ 116,712,701	\$ 117,031,307	\$ 353,796,725	\$ 318,660,239
Separate account insurance product income	<u>36,886,491</u>	<u>14,825,308</u>	<u>46,352,885</u>	<u>55,249,951</u>
	<u><u>153,599,192</u></u>	<u><u>131,856,615</u></u>	<u><u>400,149,610</u></u>	<u><u>373,910,190</u></u>
Claims and payments	(97,935,987)	(125,777,001)	(344,236,046)	(353,960,989)
Separate account insurance product expenses	<u>(36,886,491)</u>	<u>(14,825,308)</u>	<u>(46,352,885)</u>	<u>(55,249,951)</u>
Others	<u>(167,632)</u>	<u>(199,060)</u>	<u>(541,828)</u>	<u>(605,710)</u>
	<u><u>(134,990,110)</u></u>	<u><u>(140,801,369)</u></u>	<u><u>(391,130,759)</u></u>	<u><u>(409,816,650)</u></u>
	<u><u><u>\$ 18,609,082</u></u></u>	<u><u><u>\$ (8,944,754)</u></u></u>	<u><u><u>\$ 9,018,851</u></u></u>	<u><u><u>\$ (35,906,460)</u></u></u>

c. Net changes in insurance liability reserves

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Net change in loss reserve	\$ (310,620)	\$ (435,552)	\$ (2,223,842)	\$ (2,188,955)
Net change in policy reserve	(57,780,940)	(26,232,377)	(76,552,305)	(76,711,902)
Net change in premium deficiency reserve	(902,805)	267,684	81,963	459,485
Net change in special reserve	(19,271)	168,077	(102,555)	148,954
Net change in other reserves	6,000	2,497	18,000	2,497
Net change in reserve for insurance contracts with the nature of financial products	(564,932)	(532,413)	(1,578,169)	(1,600,150)
	<u>\$ (59,572,568)</u>	<u>\$ (26,762,084)</u>	<u>\$ (80,356,908)</u>	<u>\$ (79,890,071)</u>

d. Employee benefit expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term benefits				
Salaries	\$ 17,504,100	\$ 16,304,058	\$ 53,110,803	\$ 49,907,764
Labor and health insurance expenses	1,232,881	1,180,699	3,894,758	3,569,316
Post-employment benefits	629,214	600,984	1,922,894	1,817,874
Remuneration of directors	32,871	30,626	120,907	109,732
Others	<u>440,444</u>	<u>492,489</u>	<u>1,250,200</u>	<u>1,195,313</u>
	<u>\$ 19,839,510</u>	<u>\$ 18,608,856</u>	<u>\$ 60,299,562</u>	<u>\$ 56,599,999</u>
An analysis of employee benefit expenses by function				
Profit from operations	\$ 4,286,327	\$ 3,625,398	\$ 13,420,715	\$ 12,152,381
Operating expenses	<u>15,553,183</u>	<u>14,983,458</u>	<u>46,878,847</u>	<u>44,447,618</u>
	<u>\$ 19,839,510</u>	<u>\$ 18,608,856</u>	<u>\$ 60,299,562</u>	<u>\$ 56,599,999</u>

e. Compensation of employees and remuneration of directors

According to the Articles of the Company, if there is a profit in the current year, the Company should distribute 0.01% to 0.05% as remuneration for employees and no more than 0.05% as remuneration for directors. However, in the case of accumulated deficit, the Company's accumulated deficit needs to be offset first.

In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders approved amendments to the Company's Articles of Incorporation at 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 50% of the employee compensation for non-executive employees, with the remaining portion distributed to executive employees.

The compensation of employees (including non-executive employees) and remuneration of directors for the nine months ended September 30, 2025 and 2024, which were accrued at rates of 0.01% and no higher than 0.05%, respectively, were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
	Cash	Cash	Cash	Cash
Compensation of employees	\$ 2,848	\$ 3,117	\$ 7,453	\$ 10,368
Remuneration of directors	650	450	1,750	1,350

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees and remuneration of directors for 2024 and 2023 which were approved by the Company's board of directors on March 6, 2025 and March 5, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 11,085	\$ 4,784
Remuneration of directors	1,800	1,800

There was no difference between the above resolution amounts and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Right-of-use assets	\$ 418,803	\$ 411,789	\$ 1,276,026	\$ 1,228,429
Property and equipment	1,020,995	914,672	2,982,820	2,749,843
Intangible assets	<u>724,926</u>	<u>726,989</u>	<u>2,153,473</u>	<u>2,133,377</u>
	<u><u>\$ 2,164,724</u></u>	<u><u>\$ 2,053,450</u></u>	<u><u>\$ 6,412,319</u></u>	<u><u>\$ 6,111,649</u></u>

An analysis of depreciation by function

Operating expense

Operating expenses

An analysis of amortization by function

Operating expenses

\$ 724,926 \$ 726,989 \$ 2,153,473 \$ 2,133,377

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Current tax				
In respect of the current period	\$ (10,546,976)	\$ (569,093)	\$ (49,689,976)	\$ (251,058)
Adjustments for prior years	(745)	-	(907,582)	(322,191)
Income tax on unappropriated earnings	-	-	-	(619,455)
Others	1,445,778	(3,812,931)	2,207,237	(5,998,460)
Deferred tax				
In respect of the current period	9,037,356	(4,271,460)	41,120,858	(12,144,356)
Adjustments for prior years	50	-	(18,673)	627,004
Income tax expense recognized in profit or loss	<u>\$ (64,537)</u>	<u>\$ (8,653,484)</u>	<u>\$ (7,288,136)</u>	<u>\$ (18,708,516)</u>

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Current tax				
Derecognition of equity instruments at FVTOCI	\$ 8,516	\$ (8,432)	\$ 17,419	\$ (32,043)
Deferred tax				
Derecognition of equity instruments at FVTOCI	<u>(8,516)</u>	<u>8,432</u>	<u>(17,419)</u>	<u>32,043</u>
Income tax recognized directly in equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>Deferred tax</u>				
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	\$ 17,658	\$ (52,755)	\$ (56,575)	\$ (147,897)
Exchange differences on translation of financial statements of foreign operations	(143,455)	(18,656)	718,719	(303,204)
Unrealized gain on financial assets at FVTOCI	(2,543,040)	(4,700,774)	(4,317,120)	(1,485,527)
Loss (gain) on hedging instruments	283,741	(93,723)	24,724	56,805
Remeasurement of defined benefit plans	-	-	117	466
Shares of other comprehensive income of associates and joint ventures accounted for using the equity method	(10,102)	(100,120)	(30,649)	(66,085)
Other comprehensive income on reclassified using overlay approach	<u>(3,804,618)</u>	<u>(1,347,391)</u>	<u>(358,258)</u>	<u>(3,783,477)</u>
Income tax expenses recognized in other comprehensive income	<u>\$ (6,199,816)</u>	<u>\$ (6,313,419)</u>	<u>\$ (4,019,042)</u>	<u>\$ (5,728,919)</u>

d. Income tax assessments

The income tax returns of the Group and subsidiaries were as follows:

	Year of Assessment	Note
The Company	2019	-
Cathay Life	2019	In the process of administrative remedy for 2015 to 2019.
Cathay United Bank	2019	In the process of administrative remedy for 2016, 2018 and 2019.
Cathay Century	2019	-
Cathay Securities	2019	-
Cathay Securities Investment Trust	2019	-

In accordance with Article 49 of the Financial Holding Company Act, the Company and all subsidiaries which has existed for the entire 12 months of a tax year elected to jointly file income tax return and surtax on undistributed retained earnings with the Company as the tax payer.

e. Pillar Two income tax legislation

The countries where the Company's subsidiaries are domiciled, including Vietnam, have enacted legislation for the Pillar Two Income Tax Act, effective January 1, 2024. Additionally, the governments of Jersey, Labuan (Malaysia), Singapore, and Hong Kong, where the subsidiaries and branch are incorporated, have substantively enacted the Pillar Two income tax legislation effective January 1, 2025. Effective Pillar Two income tax legislation had no significant impact on the current income tax expense of the Group. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Basic earnings per share				
From continuing operations	\$ 1.95	\$ 2.12	\$ 4.84	\$ 6.71
From discontinued operations	—	—	—	0.07
Total basic earnings per share	<u>\$ 1.95</u>	<u>\$ 2.12</u>	<u>\$ 4.84</u>	<u>\$ 6.78</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Net income for the period attributable to owners of the Company	\$ 28,621,721	\$ 31,056,759	\$ 74,622,032	\$ 102,817,142
Less: Dividends on preference shares	—	—	3,595,916	3,404,403
Earnings used in the computation of basic earnings per share	28,621,721	31,056,759	71,026,116	99,412,739
Less: Profit for the period from discontinued operations used in the computation of basic earnings per share	—	—	—	959,047
Earnings used in the computation of basic earnings per share from continuing operations	<u>\$ 28,621,721</u>	<u>\$ 31,056,759</u>	<u>\$ 71,026,116</u>	<u>\$ 98,453,692</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended		For the Nine Months Ended	
	September 30	2024	September 30	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>14,669,210</u>	<u>14,669,210</u>	<u>14,669,210</u>	<u>14,669,210</u>

The Company may settle the compensation of employees in cash or shares; accordingly, it is assumed that the entire amount of the compensation will be settled in shares, and the resulting potential ordinary shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. The Company's compensation of employees did not cause any significant changes in the earnings and weighted average number of ordinary shares used to calculate the diluted earnings per share.

30. RELATED-PARTY TRANSACTIONS

a. The names and categories of the related parties who engaged in transactions with the Group in the reporting periods are as follows:

Related Party Name	Related Party Category
Cathay Life	Subsidiary
Cathay United Bank	Subsidiary
Cathay Century	Subsidiary
Cathay Securities	Subsidiary
Cathay Securities Investment Trust	Subsidiary
Cathay Venture	Subsidiary
Cathay Lujiazui Life	Subsidiary
Cathay Life (Vietnam)	Subsidiary
Cathay Securities Investment Consulting	Subsidiary
Lin Yuan	Subsidiary
Cathay Woolgate Exchange Holding 1 Limited	Subsidiary
Cathay Woolgate Exchange Holding 2 Limited	Subsidiary
Cathay Walbrook Holding 1 Limited	Subsidiary
Cathay Walbrook Holding 2 Limited	Subsidiary
Cathaylife Singapore Pte. Ltd.	Subsidiary
Cathay Industrial R&D Center	Subsidiary
Cathay Power	Subsidiary
SUNRISE PV ONE	Subsidiary
Cathy Sunrise Two	Subsidiary
Cathy Sunrise Electric Power Two	Subsidiary
Bai Yang Energy	Subsidiary
Hong Cheng Sing Tech.	Subsidiary
Shen Lyu	Subsidiary
Nan Yang Power	Subsidiary
Neo Cathay Power	Subsidiary

(Continued)

Related Party Name	Related Party Category
CM Energy	Subsidiary
Shu Guang Energy	Subsidiary
Si Yi	Subsidiary
Da Li	Subsidiary
Yong Han	Subsidiary
Cathay Wind Power	Subsidiary
Cathay Wind Power Holdings	Subsidiary
Hong Tai Energy	Subsidiary
Hong Tai Power	Subsidiary
Tian Ji Energy	Subsidiary
Tian Ji Power	Subsidiary
Cathay Insurance (Vietnam)	Subsidiary
Indovina Bank	Subsidiary
CUBC Bank	Subsidiary
CUBC-I	Subsidiary
CUBCN Bank	Subsidiary
Cathay Futures	Subsidiary
Cathay Private Equity	Subsidiary
Cathay Securities (Hong Kong)	Subsidiary
Cathay Capital (Asia)	Subsidiary
Sympbox Information Co., Ltd.	Joint venture (associate before April 2024)
Greater Changhua NW Holdings Ltd.	Joint venture
Taiwan Real-estate Management Corp.	Associate
PSS Co., Ltd.	Associate
TaiYang Solar Power Co., Ltd.	Associate
Lin Yuan Property Management Co., Ltd.	Associate
CMG International One Co., Ltd.	Associate
Generali Investments Holding S.p.A.	Associate
Conning Holdings Limited (CHL)	Other related party (subsidiary before April 2024)
Conning, Inc.	Other related party (subsidiary before April 2024)
Global Evolution Holding ApS	Other related party (subsidiary before April 2024)
Global Evolution Asset Management A/S	Other related party (subsidiary before April 2024)
Conning Asia Pacific Ltd.	Other related party (subsidiary before April 2024)
Lin Yuan Investment Co., Ltd.	Other related party
Seaward Card Co., Ltd.	Other related party
Vietinbank	Other related party
Cathay Medical Care Corp.	Other related party
Cathay Real Estate Development Co., Ltd.	Other related party
Cathay Healthcare Management Co., Ltd.	Other related party
Cathay Hospitality Management Co., Ltd.	Other related party
Cathay Hospitality Consulting Co., Ltd.	Other related party
Cathay Real Estate Management Co., Ltd.	Other related party
Funds managed by Cathay Securities Investment Trust	Other related party

(Continued)

Related Party Name	Related Party Category
Private Equity Funds managed by Cathay Private Equity	Other related party
San Ching Engineering Co., Ltd.	Other related party
Ally Logistic Property Co., Ltd.	Other related party
ThinkPower Information Co., Ltd.	Other related party
Yua-Yung Marketing (Taiwan) Co., Ltd.	Other related party
Hong-Sui Co., Ltd.	Other related party
Bowl Cut Entertainment Co., Ltd.	Other related party
Cymlin Co., Ltd.	Other related party
Cymder Co., Ltd.	Other related party before June 2025
Cathay Cultural Foundation	Other related party
Cathay Charity Foundation	Other related party
Cathay United Bank Foundation	Other related party
Cathay Life Insurance Employees' Welfare Committee	Other related party
Cathay United Bank Employees' Welfare Committee	Other related party
Cathay Real Estate Development Employees' Welfare Committee	Other related party
Bannan Realty Co., Ltd.	Other related party
Yi Ru Capital Co., Ltd.	Other related party
Jinhua Realty Co., Ltd.	Other related party
Greater Changhua Offshore Wind Farm NW Ltd.	Other related party
FundRich Securities Co., Ltd.	Other related party
Daiwa - Cathay Capital Markets Co., Ltd.	Other related party
CDIB & PARTNERS Investment Holding Corporation	Other related party
Sanchong Realty Co., Ltd.	Other related party
Ann Fong Co., Ltd.	Other related party before December 2024
Srisawad Corporation Public Company Limited	Other related party
Quantifeed Holdings Limited	Other related party
Taiwan Asset Management Corporation	Other related party
Taipei Forex Inc.	Other related party
HanTech Venture Capital Corporation	Other related party
Financial information service Co., Ltd.	Other related party
Zhulun Realty Co., Ltd.	Other related party
EasyCard Corporation	Other related party
Sino Greenergy Group	Other related party before July 2025
Hongtaiyi Energy Co., Ltd.	Other related party before July 2025
Witraise Industrial Technologies, Inc.	Other related party before July 2025
AetherAI Co., Ltd.	Other related party
Wei Xiang Corp.	Other related party
You Heng Co., Ltd.	Other related party
Wan Ta Investment Co., Ltd.	Other related party
Cymbal Medical Network Co., Ltd.	Other related party
Cathay Food & Beverage Group CO., LTD.	Other related party
Supernova Energy Co., Ltd.	Other related party
Morning Glow Holdings Co., Ltd	Other related party
Others	Other related party

(Concluded)

b. Significant transactions with related parties were as follows:

All significant intragroup transactions have been eliminated in the consolidated financial statements. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Transactions with banks

a) Due from commercial banks

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Income	Ending Balance	Interest Income	Ending Balance	Interest Income
Other related party Vietinbank	<u>\$ 8,729,379</u>	<u>\$ 95,118</u>	<u>\$ 12,938,847</u>	<u>\$ 39,166</u>	<u>\$ 37,937</u>	<u>\$ 367</u>

b) Due to commercial banks

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Other related party Vietinbank	<u>\$ 11,578,685</u>	<u>\$ 123,709</u>	<u>\$ 16,964,269</u>	<u>\$ 48,818</u>	<u>\$ 3,231,176</u>	<u>\$ 2,171</u>

2) Balance of shares issued by related parties

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Srisawad Corporation Public Company Limited	\$ 4,393,114	\$ 5,514,638	\$ 5,813,857
CDIB & PARTNERS Investment Holding Corporation	2,169,490	2,177,203	1,974,254
Cathay Real Estate Development Co., Ltd.	997,556	1,323,518	1,403,481
Taiwan Asset Management Corporation	782,816	774,287	883,688
Financial information service Co., Ltd.	683,589	703,179	735,181
Daiwa - Cathay Capital Markets Co., Ltd.	156,200	155,500	154,500
AetherAI Co., Ltd.	127,584	140,304	114,540
EasyCard Corporation	109,391	118,747	133,549
Taipei Forex Inc.	105,453	83,696	66,004
Cathay Healthcare Management Co., Ltd.	90,750	95,783	111,210
MORNING GLOW HOLDINGS CO., LTD	82,212	-	-
HanTech Venture Capital Corporation	72,483	80,734	81,744
Wei Xiang Corp.	57,389	44,800	44,800
Quantifeed Holdings Limited	56,120	73,899	51,921
FundRich Securities Co., Ltd.	18,103	16,506	15,681
	<u>\$ 9,902,250</u>	<u>\$ 11,302,794</u>	<u>\$ 11,584,410</u>

Refer to Note 14 for the balance of investment in associates.

3) Acquisition of shares issued by related parties

Name	Nature of Transaction	For the Nine Months Ended September 30	
		2025	2024
Other related party			
Wei Xiang Corp.	Ordinary shares	\$ -	\$ 44,800
AetherAI Co., Ltd.	Ordinary shares	<u>\$ -</u>	<u>\$ 19,980</u>
		<u>\$ -</u>	<u>\$ 64,780</u>

4) Receivables

Name	September 30, 2025	September 30, 2024	September 30, 2024
		December 31, 2024	September 30, 2024
Joint venture			
Greater Changhua NW Holdings Ltd.	\$ 8,563,243	\$ -	\$ -
Other related party			
Greater Changhua Offshore Wind Farm NW Ltd.	38,095,784	17,870,899	-
Funds managed by Cathay Securities Investment Trust	442,019	435,606	382,294
Cathay Medical Care Corp.	3,537	383	3,485
Supernova Energy Co., Ltd.	3,173	-	3,721
San Ching Engineering Co., Ltd.	315	552	5,960
Others	3,098	927	6,116
	<u>38,547,926</u>	<u>18,308,367</u>	<u>401,576</u>
	<u>\$ 47,111,169</u>	<u>\$ 18,308,367</u>	<u>\$ 401,576</u>

5) Prepayments

Name	September 30, 2025	December 31, 2024	September 30, 2024
	2025	2024	2024
Other related party			
CHL	\$ -	\$ -	\$ 4,599

6) Contract liability

Name	September 30, 2025	December 31, 2024	September 30, 2024
	2025	2024	2024
Other related party			
Private equity funds managed by Cathay Private Equity	\$ 5,905	\$ 305	\$ 28,962

7) Loans

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Income	Ending Balance	Interest Income	Ending Balance	Interest Income
Associate						
TaiYang Solar Power Co., Ltd.	\$ 39,987	\$ 911	\$ 43,988	\$ 1,342	\$ 45,321	\$ 1,015
Taiwan Real-estate Management Corp.	27,000	515	27,000	778	31,000	583
	<u>66,987</u>	<u>1,426</u>	<u>70,988</u>	<u>2,120</u>	<u>76,321</u>	<u>1,598</u>
Other related party						
Cathay Real Estate Development Co., Ltd.	2,650,000	19,626	500,000	33,463	2,300,000	21,896
Hongtaiyi Energy Co., Ltd.	-	1,089	74,057	2,367	76,702	1,786
Witraise Industrial Technologies, Inc.	-	784	53,337	1,705	55,241	1,286
Sino Greenergy Group	-	777	52,826	1,688	54,712	1,274
Others	4,753,566	77,360	4,207,460	86,869	4,016,619	62,553
	<u>7,403,566</u>	<u>99,636</u>	<u>4,887,680</u>	<u>126,092</u>	<u>6,503,274</u>	<u>88,795</u>
	<u><u>\$ 7,470,553</u></u>	<u><u>\$ 101,062</u></u>	<u><u>\$ 4,958,668</u></u>	<u><u>\$ 128,212</u></u>	<u><u>\$ 6,579,595</u></u>	<u><u>\$ 90,393</u></u>

8) Deposits

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary						
Cathay Securities Investment Consulting	\$ 550,080	\$ 3,154	\$ 640,340	\$ 5,866	\$ 568,096	\$ 4,705
Associate						
Lin Yuan Property Management Co., Ltd.	247,954	2,500	335,734	2,944	203,858	2,183
PSS Co., Ltd.	88,918	631	127,182	729	103,054	549
	<u>336,872</u>	<u>3,131</u>	<u>462,916</u>	<u>3,673</u>	<u>306,912</u>	<u>2,732</u>
Other related party						
Cathay Life Insurance Employees' Welfare Committee	2,444,733	29,393	2,304,165	37,818	2,330,671	28,200
Cathay United Bank Employees' Welfare Committee	948,319	29,467	882,406	38,838	932,089	27,770
Cathay Real Estate Development Co., Ltd.	857,296	2,359	865,388	3,616	439,268	2,299
Private equity funds managed by Cathay Private Equity	744,538	2,541	475,691	3,886	817,855	2,943
Cathay United Bank Foundation	605,185	6,968	575,532	8,820	580,508	6,540
Cathay Real Estate Development Employees' Welfare Committee	530,189	6,213	484,869	8,065	499,048	5,964
Wan Ta Investment Co., Ltd.	462,008	1,374	4,123	40	2,485	33
Cathay Medical Care Corp.	449,045	3,068	419,483	3,893	473,851	2,787
Cathay Charity Foundation	346,600	3,813	323,999	4,944	329,108	3,671
Jinhua Realty Co., Ltd.	281,297	982	99,092	523	69,999	363
Funds managed by Cathay Securities Investment Trust	264,508	-	49,397	-	100,492	-

(Continued)

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Cathay Cultural Foundation	\$ 230,995	\$ 2,937	\$ 231,098	\$ 3,742	\$ 233,150	\$ 2,747
Bannan Realty Co., Ltd.	287,013	499	187,599	3,762	382,416	3,340
Yua-Yung Marketing (Taiwan) Co., Ltd.	160,347	676	180,630	1,025	221,031	737
Zhulun Realty Co., Ltd.	142,387	1,272	292,581	1,439	301,277	984
Cathay Hospitality Consulting Co., Ltd.	139,172	864	219,533	1,170	164,855	839
Ally Logistic Property Co., Ltd.	131,657	929	151,722	1,149	322,547	827
Cathay Healthcare Management Co., Ltd.	117,413	528	157,359	804	133,149	543
Cathay Real Estate Management Co., Ltd.	111,267	1,329	120,687	1,703	108,224	1,253
Cathay Hospitality Management Co., Ltd.	91,540	645	152,863	780	82,004	591
Lin Yuan Investment Co., Ltd.	63,910	20	1,909	18	147,675	14
EasyCard Corporation	61,492	1,532	304,939	2,933	256,242	2,372
Hong-Sui Co., Ltd.	55,517	324	113,978	317	82,118	235
Sanchong Realty Co., Ltd.	48,195	271	122,635	2,075	177,043	1,790
Others	<u>10,730,832</u>	<u>110,650</u>	<u>9,408,811</u>	<u>131,214</u>	<u>9,956,655</u>	<u>102,800</u>
	<u>20,305,455</u>	<u>208,654</u>	<u>18,130,489</u>	<u>262,574</u>	<u>19,143,760</u>	<u>199,642</u>
	<u><u>\$ 21,192,407</u></u>	<u><u>\$ 214,939</u></u>	<u><u>\$ 19,233,745</u></u>	<u><u>\$ 272,113</u></u>	<u><u>\$ 20,018,768</u></u>	<u><u>\$ 207,079</u></u>

(Concluded)

9) Property transactions

a) Cathay Life and its subsidiaries' significant transactions from undertaking contracted projects with related parties are listed below:

Name	For the Nine Months Ended September 30			
	2025		2024	
Items	Amount	Items	Amount	
Associate				
Lin Yuan Property Management Co., Ltd.	Cathay Financial Center, etc.	\$ 20,756	Kaohsiung Zhongzheng Building, etc.	\$ 11,579
Pss Co., Ltd.	-	<u>-</u>	Tucheng East Building, etc.	<u>26,386</u>
		<u>20,756</u>		<u>37,965</u>
Other related party				
San Ching Engineering Co., Ltd.	Taichung Hecuo section, etc.	2,823,517	THSR Taoyuan Manufacturing Park, etc.	4,912,434
Ally Logistic Property Co., Ltd.	Taoyuan Daxi Ruixing section, etc.	<u>1,484,152</u>	Yongmei Erchungxi Warehouse, etc.	<u>2,237,097</u>
		<u>4,307,669</u>		<u>7,149,531</u>
		<u><u>\$ 4,328,425</u></u>		<u><u>\$ 7,187,496</u></u>

As of September 30, 2025, December 31, 2024 and September 30, 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and Lin Yuan Property Management Co., Ltd. were \$59,717 thousand, \$27,542 thousand and \$15,100 thousand, respectively.

As of September 30, 2025, December 31, 2024 and September 30, 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and PSS Co., Ltd. were \$41,816 thousand, \$35,340 thousand and \$35,340 thousand, respectively.

As of September 30, 2025, December 31, 2024 and September 30, 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and San Ching Engineering Co., Ltd. were \$26,976,356 thousand, \$13,974,267 thousand and \$13,667,600 thousand, respectively.

As of September 30, 2025, December 31, 2024 and September 30, 2024, the total amounts of contracted projects for real estate between Cathay Life and its subsidiaries and Ally Logistic Property Co., Ltd. were \$2,409,524 thousand, \$2,409,524 thousand and \$0 thousand, respectively.

Cathay United Bank paid construction planning and design maintenance service fees to Lin Yuan Property Management Co., Ltd. in the amount of \$18,562 thousand and \$19,731 thousand and recorded as property and equipment during the nine months ended September 30, 2025 and 2024, respectively.

b) Real-estate rental (Cathay Life and its subsidiaries as lessor)

Name	Rental Income			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Securities				
Investment				
Consulting	\$ 2,570	\$ 2,532	\$ 7,709	\$ 7,596
Joint venture				
Syphox				
Information Co.,				
Ltd.	7,847	7,830	23,547	15,659
Associate				
Lin Yuan Property				
Management Co.,				
Ltd.	10,193	7,953	27,915	20,710
Pss Co., Ltd.	2,742	-	8,391	-
Syphox				
Information Co.,				
Ltd.	-	-	-	7,830
	12,935	7,953	36,306	28,540
Other related party				
Ally Logistic				
Property Co., Ltd.	324,367	174,974	841,609	685,522
Cathay Hospitality				
Consulting Co.,				
Ltd.	74,703	53,999	253,935	158,995
Cathay Medical Care				
Corp.	55,379	50,842	161,002	155,722
Cathay Hospitality				
Management Co.,				
Ltd.	53,475	51,120	174,946	153,086

(Continued)

Name	Rental Income			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Cathay Healthcare Management Co., Ltd.	\$ 28,011	\$ 25,467	\$ 83,447	\$ 75,841
Yua-Yung Marketing (Taiwan) Co., Ltd.	18,433	15,852	51,020	46,091
Hong-Sui Co., Ltd.	9,022	8,544	26,789	22,466
Cathay Real Estate Development Co., Ltd.	4,581	4,466	13,512	13,797
You Heng Co., Ltd.	3,226	-	3,226	-
Cymlin Co., Ltd.	2,206	2,206	6,620	6,620
Cymder Co., Ltd.	-	2,075	3,211	6,226
San Ching Engineering Co., Ltd.	1,521	1,498	4,518	4,495
Cathay United Bank Foundation	1,312	1,312	3,937	3,937
Cymbal Medical Network Co., Ltd.	<u>1,197</u>	<u>1,197</u>	<u>3,591</u>	<u>3,556</u>
	<u>577,433</u>	<u>393,552</u>	<u>1,631,363</u>	<u>1,336,354</u>
	<u>\$ 600,785</u>	<u>\$ 411,867</u>	<u>\$ 1,698,925</u>	<u>\$ 1,388,149</u>
				(Concluded)

Name	Guarantee Deposits Received		
	September 30, 2025	December 31, 2024	September 30, 2024
Joint venture			
Symphox Information Co., Ltd.	\$ 7,723	\$ 7,723	\$ 7,723
Associate			
Lin Yuan Property Management Co., Ltd.	8,093	7,538	7,538
PSS Co., Ltd.	<u>3,482</u>	<u>3,482</u>	<u>3,482</u>
	<u>11,575</u>	<u>11,020</u>	<u>11,020</u>
Other related party			
Ally Logistic Property Co., Ltd.	312,121	305,178	204,312
Cathay Hospitality Management Co., Ltd.	195,658	194,413	194,054
Cathay Hospitality Consulting Co., Ltd.	189,448	188,707	187,500
Cathay Medical Care Corp.	67,906	61,512	61,512
Cathay Healthcare Management Co., Ltd.	30,103	30,103	30,103
Yua-Yung Marketing (Taiwan) Co., Ltd.	15,938	13,670	13,830
Cathay Food & Beverage Group CO., LTD.	8,517	-	-
			(Continued)

Name	Guarantee Deposits Received		
	September 30, 2025	December 31, 2024	September 30, 2024
Hong-Sui Co., Ltd.	\$ 8,072	\$ 7,332	\$ 7,332
Cathay Real Estate Development Co., Ltd.	4,303	4,039	4,039
Cymlin Co., Ltd.	4,203	4,081	4,081
You Heng Co., Ltd.	3,072	-	-
	<u>839,341</u>	<u>809,035</u>	<u>706,763</u>
	<u>\$ 858,639</u>	<u>\$ 827,778</u>	<u>\$ 725,506</u>
	(Concluded)		

Lease periods and collection of rentals are in compliance with the lease contracts. Lease periods are usually between 2 to 5 years and rentals are collected on a monthly basis.

c) Lease arrangements

i. Acquisition of right-of-use assets

Name	For the Nine Months Ended September 30	
	2025	2024
Other related party		
Cathay Real Estate Development Co., Ltd.	\$ 29,486	\$ 5,616
Lin Yuan Investment Co., Ltd.	-	4,705
Ally Logistic Property Co., Ltd.	<u>-</u>	<u>10,230</u>
	<u>\$ 29,486</u>	<u>\$ 20,551</u>

ii. Lease liabilities

Name	Lease Liabilities		
	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Cathay Real Estate Development Co., Ltd.	\$ 60,185	\$ 8,735	\$ 11,495
Ally Logistic Property Co., Ltd.	9,753	8,580	9,407
Yi Ru Capital Co., Ltd.	3,024	6,005	6,989
Lin Yuan Investment Co., Ltd.	<u>1,780</u>	<u>3,535</u>	<u>4,114</u>
	<u>\$ 74,742</u>	<u>\$ 26,855</u>	<u>\$ 32,005</u>

iii. Guarantee deposits paid

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Cathay Real Estate Development Co., Ltd.	\$ 6,277	\$ 4,396	\$ 4,396

iv. Lease expense

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Other related party				
Cathay Real Estate Development Co., Ltd.	\$ -	\$ -	\$ -	\$ 3,829

d) Acquisition of computer equipment and software

Name	For the Nine Months Ended September 30	
	2025	2024
Other related party		
ThinkPower Information Co., Ltd.	\$ 9,141	\$ 7,665

10) Futures trader's equity

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Funds managed by Cathay Securities Investment Trust	\$ 4,342,755	\$ 6,648,751	\$ 4,349,936

11) Guarantee deposits received and collateral

Name	September 30, 2025	December 31, 2024	September 30, 2024
Associate			
Lin Yuan Property Management Co., Ltd.	\$ 5,000	\$ 5,000	\$ 5,000
PSS Co., Ltd.	2,447	1,842	3,809
	<u>7,447</u>	<u>6,842</u>	<u>8,809</u>
Other related party			
San Ching Engineering Co., Ltd.	3,141,741	1,913,018	1,880,818
Ally Logistic Property Co., Ltd.	2,576,599	2,576,599	1,817,599
	<u>5,718,340</u>	<u>4,489,617</u>	<u>3,698,417</u>
	<u>\$ 5,725,787</u>	<u>\$ 4,496,459</u>	<u>\$ 3,707,226</u>

12) Payables

Name	September 30, 2025	December 31, 2024	September 30, 2024
Joint venture			
Symphox Information Co., Ltd.	\$ 87,273	\$ 22,598	\$ 89,302
Associate			
Lin Yuan Property Management Co., Ltd.	77,409	7,921	63,049
Other related party			
CHL	291,959	312,739	315,354
Seaward Card Co., Ltd.	48,011	44,272	36,051
Global Evolution Holding ApS	42,098	21,495	21,108
Funds managed by Cathay Securities Investment Trust	19,040	15,080	14,003
Conning Asia Pacific Ltd.	18,354	18,893	17,211
Conning, Inc.	3,086	3,854	2,956
ThinkPower Information Co., Ltd.	94	11,741	282
	422,642	428,074	406,965
	\$ 587,324	\$ 458,593	\$ 559,316

Cathay United Bank purchased bonus points from Symphox Information Co., Ltd. for the purpose of customer gift redemption. As of September 30, 2025, December 31, 2024 and September 30, 2024, the monetary value of unredeemed points amounted to \$72,583 thousand, \$54,636 thousand and \$58,017 thousand, respectively.

13) Balances of funds managed by related parties

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Funds managed by Cathay Securities Investment Trust	\$ 103,155,017	\$ 110,137,943	\$ 90,775,417
Private Equity Funds managed by Cathay Private Equity	2,420,404	2,361,206	2,220,901
	\$ 105,575,421	\$ 112,499,149	\$ 92,996,318

14) Balances of related parties' discretionary management investment

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
Cathay Charity Foundation	\$ 169,688	\$ 155,639	\$ 149,617

15) Balance of discretionary management investments

Name	September 30, 2025	December 31, 2024	September 30, 2024
Other related party			
CHL	\$ 1,434,607,703	\$ 1,489,887,649	\$ 1,421,065,262
Global Evolution Holding ApS	<u>22,196,504</u>	<u>21,737,969</u>	<u>21,666,784</u>
	<u>\$ 1,456,804,207</u>	<u>\$ 1,511,625,618</u>	<u>\$ 1,442,732,046</u>

16) Service fee income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Securities				
Investment Consulting	\$ 8,585	\$ 10,865	\$ 30,335	\$ 33,198
Other related party				
Cathay Real Estate				
Development Co., Ltd.	<u>1,177</u>	<u>1,318</u>	<u>4,384</u>	<u>5,041</u>
	<u>\$ 9,762</u>	<u>\$ 12,183</u>	<u>\$ 34,719</u>	<u>\$ 38,239</u>

17) Premium income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Associate				
Lin Yuan Property				
Management Co., Ltd.	\$ 1,009	\$ 1,410	\$ 3,972	\$ 4,061
CMG International One				
Co., Ltd.	<u>-</u>	<u>-</u>	<u>12</u>	<u>62,810</u>
	<u>1,009</u>	<u>1,410</u>	<u>3,984</u>	<u>66,871</u>
Other related party				
Cathay Medical Care				
Corp.	17,348	17,573	36,627	44,061
San Ching Engineering				
Co., Ltd.	5,453	7,273	34,500	21,108
Supernova Energy Co.,				
Ltd.	3,164	3,721	3,173	3,721
Hong-Sui Co., Ltd.	1,952	2,974	6,560	7,434
Financial Information				
Service Co., Ltd.	1,684	-	3,345	-
Cathay Healthcare				
Management Co., Ltd.	792	4	3,143	2,084
Cathay Real Estate				
Development Co., Ltd.	769	790	3,055	3,015
Cathay Hospitality				
Management Co., Ltd.	674	46	5,857	5,421

(Continued)

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Ally Logistic Property Co., Ltd.	\$ 72	\$ 71	\$ 8,496	\$ 7,068
Cathay Hospitality Consulting Co., Ltd.	25	27	6,584	5,934
Others	<u>19,671</u>	<u>45,574</u>	<u>81,686</u>	<u>103,789</u>
	<u>51,604</u>	<u>78,053</u>	<u>193,026</u>	<u>203,635</u>
	<u><u>\$ 52,613</u></u>	<u><u>\$ 79,463</u></u>	<u><u>\$ 197,010</u></u>	<u><u>\$ 270,506</u></u>
				(Concluded)

18) Net other non-interest income and expense

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>Other non-interest net income</u>				
Other related party				
Funds managed by Cathay Securities Investment Trust	\$ 1,297,760	\$ 1,133,181	\$ 3,756,317	\$ 3,198,706
Private Equity Funds managed by Cathay	24,574	28,966	70,863	84,399
Private Equity				
Cathay Hospitality Consulting Co., Ltd.	1,347	1,233	4,907	4,930
Cathay Healthcare Management Co., Ltd.	1,146	1,055	4,584	4,161
Generali Investments Holding S.p.A.	<u>-</u>	<u>-</u>	<u>246,526</u>	<u>-</u>
	<u><u>\$ 1,324,827</u></u>	<u><u>\$ 1,164,435</u></u>	<u><u>\$ 4,083,197</u></u>	<u><u>\$ 3,292,196</u></u>
<u>Other operating costs</u>				
Other related parties				
CHL	\$ 296,636	\$ 307,507	\$ 877,621	\$ 637,967
Global Evolution Holding ApS	<u>21,411</u>	<u>20,967</u>	<u>62,826</u>	<u>43,043</u>
	<u><u>\$ 318,047</u></u>	<u><u>\$ 328,474</u></u>	<u><u>\$ 940,447</u></u>	<u><u>\$ 681,010</u></u>

19) Operating expenses

Continuing operations

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Joint venture				
Sympbox Information Co., Ltd.	\$ 355,526	\$ 338,150	\$ 1,014,638	\$ 645,823
Associate				
Lin Yuan Property Management Co., Ltd.	337,553	323,864	1,004,045	906,479
Sympbox Information Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,287</u>
	<u>337,553</u>	<u>323,864</u>	<u>1,004,045</u>	<u>1,173,766</u>
Other related party				
Seaward Card Co., Ltd.	111,123	97,571	340,091	295,796
Ann Fong Co., Ltd.	-	-	-	80,262
ThinkPower Information Co., Ltd.	51,839	73,757	113,516	152,943
Bowl Cut Entertainment Co., Ltd.	21,550	21,550	43,100	43,100
Conning Asia Pacific Ltd.	18,354	17,211	56,128	31,791
FundRich Securities Co., Ltd.	7,815	6,793	22,271	19,130
Cathay Healthcare Management Co., Ltd.	5,119	1,889	14,870	3,334
CHL	-	1,971	2,628	3,285
Conning, Inc.	2,968	2,977	9,286	4,988
Cathay Real Estate Development Co., Ltd.	2,484	3,596	7,922	7,485
San Ching Engineering Co., Ltd.	975	975	2,925	4,145
Global Evolution Asset Management A/S	833	1,160	3,065	3,392
EasyCard Corporation	<u>-</u>	<u>-</u>	<u>5,360</u>	<u>5,250</u>
	<u>223,060</u>	<u>229,450</u>	<u>621,162</u>	<u>654,901</u>
	<u>\$ 916,139</u>	<u>\$ 891,464</u>	<u>\$ 2,639,845</u>	<u>\$ 2,474,490</u>

Discontinued operations

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Securities				
Investment Consulting	\$ -	\$ -	\$ -	\$ 28,020
Other related party				
ThinkPower Information Co., Ltd.	_____ -	_____ -	_____ -	4,817
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,837</u>

20) Guarantees on duties and contracts

September 30, 2025

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	\$ 10,340	\$ 8,840	\$ 1	0.8%	Demand deposits

December 31, 2024

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	\$ 38,892	\$ 10,340	\$ 1	0.65-0.8%	Demand deposits

September 30, 2024

Name	Maximum	Ending Balance	Guarantee Liability Reserve Balance	Rate	Collateral Item
Other related party					
Yua-Yung Marketing (Taiwan) Co., Ltd.	\$ 38,892	\$ 23,340	\$ 3	0.65-0.8%	Demand deposits

21) Compensation of key management personnel

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 330,366	\$ 309,192	\$ 1,263,259	\$ 1,080,189
Post-employment benefits	5,884	6,144	17,577	17,419
Other long-term employee benefits	35	15	160	35
	<u>\$ 336,285</u>	<u>\$ 315,351</u>	<u>\$ 1,280,996</u>	<u>\$ 1,097,643</u>

Key management personnel includes the chairman, vice chairman, directors, supervisors, general managers, senior vice general managers and vice general managers.

c. The Company

1) Cash in banks

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Income	Ending Balance	Interest Income	Ending Balance	Interest Income
Subsidiary Cathay United Bank	\$ 38,859	\$ 12,473	\$ 30,169	\$ 3,870	\$ 50,979	\$ 3,587

2) Receivables

Name	Nature of Transaction	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary Cathay Life	Integrated income tax and subordinated corporation bonds interests, etc.	\$ 26,031,581	\$ 70,989	\$ 1,008,689
Cathay United Bank	Integrated income tax, etc.	4,802,505	5,747,248	4,103,690
Cathay Securities	Integrated income tax, etc.	725,990	870,934	667,250
Cathay Securities Investment Trust	Integrated income tax, etc.	522,811	598,165	433,541
Cathay Century	Integrated income tax, etc.	490,407	503,859	364,106
Cathay Venture	Integrated income tax, etc.	1,044	1,044	1,044
		<u>\$ 32,574,338</u>	<u>\$ 7,792,239</u>	<u>\$ 6,578,320</u>

3) Guarantee deposits paid

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary Cathay Life	\$ 46,826	\$ 46,826	\$ 47,222

4) Financial assets at FVTPL

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary Cathay Life	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000

5) Payables

Name	Nature of Transaction	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary Cathay Life	Integrated income tax	\$ -	\$ 12,507,834	\$ 10,777,318
Other related party ThinkPower Information Co., Ltd.		\$ -	7,988	\$ -
		\$ -	\$ 12,515,822	\$ 10,777,318

6) Lease agreements

a) Acquisition of right-of-use assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary Cathay Life	\$ 68,067	\$ -
Other related party Ally Logistic Property Co., Ltd.	\$ -	\$ 10,230
	\$ 68,067	\$ 10,230

b) Lease liabilities

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Life	\$ 257,688	\$ 331,823	\$ 62,120
Cathay United Bank	2,343	3,820	333
	260,031	335,643	62,453
Other related party			
Ally Logistic Property Co., Ltd.	9,753	8,580	9,407
	\$ 269,784	\$ 344,223	\$ 71,860

c) Lease expense

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Life	\$ 669	\$ 1,937	\$ 3,618	\$ 4,390

7) Interest income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Life	\$ 317,589	\$ 316,722	\$ 942,411	\$ 943,279

8) Other operating income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay United Bank	\$ -	\$ -	\$ 15,971	\$ 9,761
Cathay Life	-	-	10,890	8,332
Cathay Century	151	-	3,673	2,051
	\$ 151	\$ -	\$ 30,534	\$ 20,144

9) Acquisition of intangible assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary		
Cathay Securities	\$ -	\$ 10,758

10) Sale of intangible assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary		
Cathay Securities	\$ _____ -	\$ 10,543

11) Operating expenses

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay United Bank	\$ 18,550	\$ 2,615	\$ 31,072	\$ 10,345
Cathay Securities	17,021	11,027	38,002	21,460
Cathay Life	<u>4,612</u>	<u>5,118</u>	<u>32,413</u>	<u>23,274</u>
	<u>40,183</u>	<u>18,760</u>	<u>101,487</u>	<u>55,079</u>
Joint venture				
Sympbox Information Co., Ltd.	<u>1,964</u>	<u>2,777</u>	<u>9,836</u>	<u>4,968</u>
Associate				
Lin Yuan Property Management Co., Ltd.	1,533	1,241	4,211	3,819
Sympbox Information Co., Ltd.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411</u>
	<u>1,533</u>	<u>1,241</u>	<u>4,211</u>	<u>5,230</u>
Other related party				
ThinkPower Information Co., Ltd.	41,023	33,104	61,633	70,607
Bowl Cut Entertainment Co., Ltd.	21,550	21,550	43,100	43,100
Seaward Card Co., Ltd.	<u>1,901</u>	<u>1,408</u>	<u>4,290</u>	<u>5,299</u>
	<u>64,474</u>	<u>56,062</u>	<u>109,023</u>	<u>119,006</u>
	<u>\$ 108,154</u>	<u>\$ 78,840</u>	<u>\$ 224,557</u>	<u>\$ 184,283</u>

d. Significant transactions between subsidiaries and related parties that are more than \$100 million

Significant intragroup transactions have been eliminated in the consolidated financial statements.

1) Cathay Life and its subsidiaries

a) Property transactions

Real-estate rental

Name	Rental Income			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
The Company				
Cathay Financial Holdings Subsidiary	\$ 49,742	\$ 40,417	\$ 150,837	\$ 120,271
Cathay United Bank	228,296	206,957	625,130	587,452
Cathay Century	34,203	34,452	103,156	102,245
	262,499	241,409	728,286	689,697
	\$ 312,241	\$ 281,826	\$ 879,123	\$ 809,968

Name	Guarantee Deposits Received		
	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	\$ 221,036	\$ 212,565	\$ 212,565

b) Cash in banks

Name	Nature of Transaction	September 30, 2025	December 31, 2024	September 30, 2024
		2025	2024	2024
Subsidiary				
Cathay United Bank	Time deposits	\$ 2,717,487	\$ 2,140,512	\$ 2,179,398
	Demand deposits	69,573,120	48,379,217	75,033,985
	Checking deposits	263,006	289,581	255,901
	Security deposits	294,424	534,982	984,773
		72,848,037	51,344,292	78,454,057
Indovina Bank	Time deposits	3,192,426	3,579,967	2,584,114
	Demand deposits	105,919	67,165	113,273
		3,298,345	3,647,132	2,697,387
		\$ 76,146,382	\$ 54,991,424	\$ 81,151,444

For the three months and nine months ended September 30, 2025 and 2024, the interest income earned from above bank deposits in Cathay United Bank were \$167,248 thousand, \$161,915 thousand, \$404,360 thousand and \$398,040 thousand, respectively.

For the three months and nine months ended September 30, 2025 and 2024, the interest income earned from above bank deposits in Indovina Bank Limited were \$68,570 thousand, \$52,338 thousand, \$225,531 thousand and \$155,868 thousand, respectively.

c) Balance of discretionary management investments

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Securities Investment Trust	\$ 317,521,674	\$ 328,066,149	\$ 371,464,974

d) Other receivables

Name	September 30, 2025	December 31, 2024	September 30, 2024
The Company			
Cathay Financial Holdings (Note)	\$ -	\$ 12,507,834	\$ 10,777,318
Subsidiary			
Indovina Bank	254,844	282,681	248,114
Cathay Century	114,588	92,803	115,533
	369,432	375,484	363,647
	\$ 369,432	\$ 12,883,318	\$ 11,140,965

Note: The receivables are refundable taxes under the integrated income tax system.

e) Guarantee deposits paid (for future transactions)

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Futures	\$ 1,349,891	\$ 2,176,755	\$ 2,151,650

f) Other payables

Name	September 30, 2025	December 31, 2024	September 30, 2024
The Company			
Cathay Financial Holdings (Note)	\$ 26,031,581	\$ 70,989	\$ 1,008,689
Subsidiary			
Cathay United Bank	892,423	397,102	763,051
	\$ 26,924,004	\$ 468,091	\$ 1,771,740

Note: Other payables are payables for remuneration of directors, supervisors and payables for interest of bonds payable and the payables under the integrated income tax system.

g) Bonds payable

Name	September 30, 2025	December 31, 2024	September 30, 2024
The Company			
Cathay Financial Holdings	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000

h) Insurance income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay United Bank	\$ 44,404	\$ 28,943	\$ 125,394	\$ 121,055

i) Insurance expense

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Century	\$ 29,943	\$ 14,668	\$ 181,042	\$ 164,043

j) Integrated promotion activities

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Other operating cost and operating expenses				
Subsidiary				
Cathay United Bank	\$ 3,118,209	\$ 2,350,723	\$ 9,361,086	\$ 6,760,509
Cathay Securities Investment Trust	116,327	69,688	343,381	191,044
Non-operating income				
Subsidiary				
Cathay Century	226,073	224,173	671,045	654,313
Cathay Securities	78,908	78,277	164,685	227,309

k) Finance costs

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
The Company				
Cathay Financial Holdings	\$ 317,589	\$ 316,722	\$ 942,411	\$ 943,279

The finance costs consist of interest expenses accrued from corporate bonds issued by Cathay Life.

1) Non-operating income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay United Bank	\$ 57,029	\$ 58,195	\$ 177,577	\$ 176,567

m) Others

As of September 30, 2025, December 31, 2024 and September 30, 2024, the nominal amounts of the financial instruments transacted between Cathay Life and Cathay United Bank are summarized as follows (in thousands of each currency):

Name	September 30, 2025	December 31, 2024	September 30, 2024
SWAP	US\$ 2,340,000	US\$ 1,350,000	US\$ 900,000
Forward	US\$ 500,000	US\$ 3,550,000	US\$ 3,150,000

2) Cathay United Bank and its subsidiaries

a) Deposits and interest expense

Name	September 30, 2025		December 31, 2024		September 30, 2024	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiary						
Cathay Life	\$ 69,699,443	\$ 363,197	\$ 48,807,383	\$ 470,450	\$ 73,902,683	\$ 354,463
Cathay Securities	8,724,219	35,885	5,987,087	46,887	9,524,306	34,530
Cathay Futures	5,677,687	35,437	1,212,690	8,839	1,716,726	7,006
Cathay Life (Vietnam)	3,298,397	225,531	3,647,189	207,467	2,697,445	155,868
Cathay Century	2,688,908	11,091	2,292,676	18,197	1,745,106	15,490
Lin Yuan	2,108,417	33,885	2,126,727	49,366	2,131,630	37,205
Cathay Industrial R&D Center	903,884	6,463	254,712	7,269	2,284,644	5,620
Cathay Insurance (Vietnam)	265,247	9,513	287,642	15,902	270,157	12,458
Cathay Securities Investment Trust	211,564	802	252,497	1,099	191,607	824
Cathay Venture	197,336	270	42,935	1,138	159,646	1,079
	<u>\$ 93,775,102</u>	<u>\$ 722,074</u>	<u>\$ 64,911,538</u>	<u>\$ 826,614</u>	<u>\$ 94,623,950</u>	<u>\$ 624,543</u>

b) Derivative

September 30, 2025

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation Gain (Loss)	Balance Sheet Amount	
					Account	Balance
Cathay Life	Currency swap contracts (USD)	2024.10.28-2027.09.23	\$ 86,531,960	\$ (1,815,687)	Valuation adjustment for FVTPL financial assets	\$ 1,306,956
					Valuation adjustment for FVTPL financial liabilities	(221,125)
Cathay Century	Currency swap contracts (USD)	2024.10.15-2026.09.23	2,312,597	(90,531)	Valuation adjustment for FVTPL financial assets	21,127
					Valuation adjustment for FVTPL financial liabilities	(44,946)

December 31, 2024

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation Gain (Loss)	Balance Sheet Amount	
					Account	Balance
Cathay Life	Currency swap contracts (USD)	2024.06.26-2025.11.10	\$ 160,626,900	\$ 3,343,764	Valuation adjustment for FVTPL financial assets	\$ 2,901,518
					Valuation adjustment for FVTPL financial liabilities	-
Cathay Century	Currency swap contracts (USD)	2024.01.12-2025.12.18	2,488,078	79,095	Valuation adjustment for FVTPL financial assets	66,712
					Valuation adjustment for FVTPL financial liabilities	-

September 30, 2024

Name of Related Party	Name of Derivative Contract	Contract Period	Nominal Principal	Valuation Gain (Loss)	Balance Sheet Amount	
					Account	Balance
Cathay Life	Currency swap contracts (USD)	2024.04.12-2025.09.09	\$ 128,186,550	\$ (2,641,836)	Valuation adjustment for FVTPL financial assets	\$ 1,119
					Valuation adjustment for FVTPL financial liabilities	(3,085,201)
Cathay Century	Currency swap contracts (USD)	2023.10.27-2025.08.26	2,718,821	65,586	Valuation adjustment for FVTPL financial assets	58,209
					Valuation adjustment for FVTPL financial liabilities	(5,005)

The realized gains and losses from derivative financial instrument transactions entered into by Cathay United Bank with related parties were as follows:

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
(Loss) gain on financial assets and liabilities at FVTPL				
Subsidiary				
Cathay Life	\$ (3,778,893)	\$ (49,030)	\$ (4,094,721)	\$ 3,427,896
c) Lease agreements				
i. Acquisition of right-to-use assets				
For the Nine Months Ended September 30				
	2025	2024		
Subsidiary				
Cathay Life	\$ 670,631	\$ 2,727,327		
ii. Lease liabilities				
September 30, 2025 December 31, 2024 September 30, 2024				
Subsidiary				
Cathay Life	\$ 2,643,563	\$ 2,577,639	\$ 2,533,227	
iii. Guarantee deposits paid				
September 30, 2025 December 31, 2024 September 30, 2024				
Subsidiary				
Cathay Life	\$ 221,036	\$ 212,565	\$ 212,565	

d) Others

Item/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>Service fee revenue</u>				
Subsidiary				
Cathay Life	\$ 3,118,209	\$ 2,350,723	\$ 9,361,086	\$ 6,760,509
Cathay Century	84,836	70,371	214,252	205,086
Cathay Securities	52,999	57,076	164,781	163,991
<u>General expenses - others</u>				
Subsidiary				
Cathay Life	57,029	58,195	177,577	176,567
<u>Payment of insurance expenses</u>				
Subsidiary				
Cathay Life	44,404	28,943	125,394	121,055
Cathay Century	41,664	29,195	151,354	121,197
Item/Name	September 30, 2025		December 31, 2024	September 30, 2024
<u>Receivable for insurance commission</u>				
Subsidiary				
Cathay Life	\$ 892,423	\$ 397,102	\$ 763,051	
<u>Guarantee deposits paid</u>				
Subsidiary				
Cathay Futures	\$ 766,788	\$ 1,018,754	\$ 1,212,709	
<u>Interest payable</u>				
Subsidiary				
Cathay Life (Vietnam)	\$ 254,844	\$ 282,681	\$ 248,114	
<u>Payables from integrated tax</u>				
The Company				
Cathay Financial Holdings	\$ 4,802,505	\$ 5,742,748	\$ 4,103,690	

The terms of the foregoing transactions with related parties are similar to those with third parties.

3) Cathay Century and its subsidiaries

a) Business transactions

Item	Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2025	2024	2025	2024
Premium income	Subsidiary				
	Cathay Life	\$ 5,630	\$ 3,738	\$ 154,076	\$ 132,144
	Cathay United Bank	41,664	29,195	151,354	121,197
Operating costs	Subsidiary				
	Cathay Life	226,073	224,173	671,045	654,313
	Cathay United Bank	84,836	70,371	214,252	205,086

b) Payables to related parties

Item	Name	September 30,	December 31,	September 30,
		2025	2024	2024
Other payables	The Company			
	Cathay Financial Holdings (Note)	\$ 490,407	\$ 503,859	\$ 364,106
	Subsidiary			
	Cathay Life	114,588	92,803	115,533
		<u>\$ 604,995</u>	<u>\$ 596,662</u>	<u>\$ 479,639</u>

Note: Including (a) income tax payable under the integrated income tax system, (b) remuneration of directors and supervisors.

c) Cash in bank

Item	Name	September 30,	December 31,	September 30,
		2025	2024	2024
Checking deposits and demand deposits	Subsidiary			
	Cathay United Bank	\$ 2,668,798	\$ 2,272,566	\$ 1,725,047
	Indovina Bank	31,050	45,721	21,419
Time deposits	Subsidiary			
	Indovina Bank	234,197	241,921	248,738
	Cathay United Bank	20,110	20,110	20,059
		<u>\$ 2,954,155</u>	<u>\$ 2,580,318</u>	<u>\$ 2,015,263</u>

d) Balance of discretionary management investments

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Securities Investment Trust	\$ 1,903,396	\$ 1,930,158	\$ 1,846,753

e) Lease agreements

i. Acquisition of right-to-use assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary		
Cathay Life	\$ 256,176	\$ 39,798

ii. Lease liabilities

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Life	\$ 296,079	\$ 140,854	\$ 173,180

f) SWAP contracts

The nominal amount of the derivative financial instruments between Cathay Century and its subsidiaries and related parties are listed below:

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	US\$ 75,900	US\$ 75,900	US\$ 85,900

4) Cathay Securities and its subsidiaries

a) Cash in bank

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	\$ 8,876,990	\$ 6,292,318	\$ 9,738,727

Cash in bank includes cash and cash equivalents, and cash and cash equivalents-receipts under custody from customers security subscription, pending settlement money, the special account divided into accounts to retain customer funds, restricted assets recorded under other current assets, and operating deposits recorded under other non-current assets. Restricted assets are the time deposits that were pledged as collateral.

b) Customer's margin accounts

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	\$ 5,565,052	\$ 950,048	\$ 1,502,489

c) Futures trader's equity

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Life	\$ 1,349,891	\$ 2,176,755	\$ 2,151,650
Cathay United Bank	766,788	1,018,754	1,212,709
	\$ 2,116,679	\$ 3,195,509	\$ 3,364,359

d) Other payables

Name	September 30, 2025	December 31, 2024	September 30, 2024
The Company			
Cathay Financial Holdings (Note)	\$ 725,990	\$ 870,934	\$ 667,250

Note: The payables consist of tax payable under the integrated income tax system.

e) Lease agreements

i. Acquisition of right-to-use assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary		
Cathay Life	\$ 33,437	\$ 128,468

ii. Lease liabilities

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Life	\$ 185,593	\$ 220,968	\$ 147,403

f) Other operating expense

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary				
Cathay Life	\$ 78,973	\$ 78,409	\$ 164,941	\$ 227,702
Cathay United Bank	<u>53,817</u>	<u>57,077</u>	<u>165,599</u>	<u>164,057</u>
	<u>\$ 132,790</u>	<u>\$ 135,486</u>	<u>\$ 330,540</u>	<u>\$ 391,759</u>

The aforementioned operating expenses mainly comprise broadband services, joint marketing expenses and others.

5) Cathay Securities Investment Trust and its subsidiaries

a) Cash and cash equivalents

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	<u>\$ 142,963</u>	<u>\$ 198,231</u>	<u>\$ 149,493</u>

b) Guarantee deposits paid

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay United Bank	<u>\$ 135,012</u>	<u>\$ 133,516</u>	<u>\$ 133,508</u>

c) Payables to related parties

Name	September 30, 2025	December 31, 2024	September 30, 2024
The Company			
Cathay Financial Holdings (Note)	<u>\$ 522,811</u>	<u>\$ 598,165</u>	<u>\$ 433,541</u>

Note: The payables consist of tax payable under the integrated income tax system.

d) Balance of discretionary management investments

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary			
Cathay Life	\$ 317,521,674	\$ 328,066,149	\$ 371,464,974
Cathay Century	<u>1,903,396</u>	<u>1,930,158</u>	<u>1,846,753</u>
	<u>\$ 319,425,070</u>	<u>\$ 329,996,307</u>	<u>\$ 373,311,727</u>

e) Lease agreements

Acquisition of right-of-use assets

Name	For the Nine Months Ended September 30	
	2025	2024
Subsidiary Cathay Life	\$ 45,837	\$ 125,725

f) Management fee income

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary Cathay Life	\$ 116,327	\$ 69,688	\$ 343,381	\$ 191,044

g) Operating expenses

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Subsidiary Cathay Life	\$ 38,255	\$ 31,249	\$ 107,199	\$ 95,576

6) Cathay Venture

Cash and cash equivalents

Name	September 30, 2025	December 31, 2024	September 30, 2024
Subsidiary Cathay United Bank	\$ 197,336	\$ 42,935	\$ 159,646

31. PLEDGED ASSETS

The Group's assets pledged as collateral or with limited use are summarized below:

Item	Description	September 30, 2025	December 31, 2024	September 30, 2024
Guarantee deposits paid and restricted assets	Capital guarantee, securities borrowing and lending, settlement accounts overdraft guarantee, collateral for lease of real estate, collateral for court guarantees, reimbursement account, performance bond, security for staying provisional execution, provisions for business and collateral	\$ 37,242,877	\$ 37,413,035	\$ 15,944,695
Financial assets at FVTPL	Applied as futures trading margin	-	773,550	830,790
Debt instrument at amortized cost	Provisions for business and collateral	58,100,965	42,447,727	57,949,384
Investments accounted for using the equity method	Pledge of borrowings	3,779,372	3,756,348	-
Investment properties	Short-term loans	290,341	290,341	290,341
Property and equipment	Pledge of borrowings	<u>9,210,674</u>	<u>8,943,026</u>	<u>8,792,826</u>
		<u><u>\$ 108,624,229</u></u>	<u><u>\$ 93,624,027</u></u>	<u><u>\$ 83,808,036</u></u>

32. COMMITMENTS AND CONTINGENT LIABILITIES

a. Cathay United Bank in the course of its normal business operations, was involved in certain significant litigation cases that have been concluded. The details are as follows:

Lee & Li, attorneys-at-law (Lee & Li), alleged that the embezzlement case of Liu Wei-Chieh (an employee of Lee & Li), which occurred in October 2003 was caused by the negligence of Cathay United Bank in its operation, and the plaintiff claimed damages from Cathay United Bank in the amount of approximately \$991,002 thousand. The case has been pending in the court since July 2007, and Cathay United Bank won favorable decisions in both the first and second instances. Although the Supreme Court reversed the original second-instance judgments, Cathay United Bank again won a favorable decision in the second instance on August 25, 2021. Subsequently, Lee & Li filed an appeal, and the Supreme Court rejected it on December 14, 2023, confirming Cathay United Bank's complete victory in the case. However, on January 1, 2024, Lee & Li filed an application for retrial and quasi-retrial, seeking compensation of \$1,510 thousand and \$900,000 thousand, respectively; the retrial proceedings were rejected by the Taiwan High Court on July 12, 2024. Although Lee & Li filed an appeal, the Supreme Court upheld rejected it on December 11, 2024, and the application for quasi-retrial was also rejected by the Supreme Court dated September 4, 2024, confirming Cathay United Bank's complete victory, bringing the case to an end. Both Cathay United Bank and its attorneys hold that this case will not have a material adverse effect on the financial position of Cathay United Bank.

b. As of September 30, 2025, December 31, 2024 and September 30, 2024 Cathay United Bank and its subsidiaries had the following material commitments for entrusted items and guarantees:

	September 30, 2025	December 31, 2024	September 30, 2024
Trust and security held for safekeeping	\$ 1,381,568,644	\$ 1,363,109,836	\$ 1,286,800,935
Collection and payment on behalf of customers	29,863,106	31,143,121	30,341,958
Book-entry for government bonds and depository for short-term marketable securities under management	406,305,692	443,095,410	504,470,509
Entrusted wealth management and brokerage business	36,750,693	32,819,775	28,582,771
Guarantees on commercial paper, customs duties, and contracts	18,486,464	18,955,636	19,186,579
Unused commercial letters of credit	8,944,522	8,380,744	9,085,157
Irrevocable loan commitments	187,276,283	180,876,585	175,688,475
Unused credit card line commitments	732,774,620	723,497,809	716,064,528
Underwritten securities	-	4,770,000	-
Financial guarantee contracts	1,809,545	1,755,799	1,752,534
Revolving issuance of commercial promissory notes and underwriting of purchase commitments	13,000,000	15,900,000	15,900,000

c. Investment limits for private equity funds

As of September 30, 2025, the remaining capital commitments for the contracted private equity fund of Cathay Life was NT\$51,700 thousand, US\$3,129,450 thousand and EUR410,400 thousand.

d. As of September 30, 2025, December 31, 2024 and September 30, 2024, Cathay Life has entered into irrevocable corporate finance and consumer lending loans. The amounts not yet disbursed were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
NTD	\$ 8,436,024	\$ 7,823,102	\$ 7,838,023

e. Cathay Wind Power has entered into major agreements, including a share purchase agreement with Ørsted Wind Power TW Holding A/S and the financing banking syndicate, to acquire both 50% of the common and preferred shares of Greater Changhua NW Holdings Ltd. as well as 50% of the intercompany debt claims from Greater Changhua NW Holdings Ltd. and Greater Changhua Offshore Wind Farm NW Ltd through Cathay Wind Power. Furthermore, a tripartite agreement has been signed between Cathay Life, Cathay Wind Power Holdings and the beneficiaries. Cathay Wind Power Holdings shall have the right to require Cathay Life to fulfill its capital injection obligations.

33. FINANCIAL STATEMENTS OF CATHAY FINANCIAL HOLDING CO., LTD.

Cathay Financial Holding Co., Ltd.

ASSETS	Balance Sheets (In Thousands of New Taiwan Dollars)						September 30, 2025	December 31, 2024	September 30, 2024
	September 30, 2025	December 31, 2024	September 30, 2024	LIABILITIES AND EQUITY	September 30, 2025	December 31, 2024			
CASH AND CASH EQUIVALENTS	\$ 7,545,220	\$ 7,536,527	\$ 7,557,147	COMMERCIAL PAPER PAYABLE, NET	\$ 77,220,000	\$ 75,097,554	\$ 75,130,000		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35,021,000	34,342,000	34,884,500	PAYABLES	852,257	13,826,199	11,611,887		
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	236,797	229,331	241,150	CURRENT TAX LIABILITIES	44,866,844	5,945,882	5,662,407		
RECEIVABLES, NET	33,216,665	7,846,814	6,629,567	BONDS PAYABLE	103,700,000	76,000,000	76,000,000		
CURRENT TAX ASSETS	1,697,962	1,713,864	1,713,864	OTHER BORROWING	7,900,000	7,990,000	7,990,000		
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET	1,047,661,136	1,014,413,760	1,047,594,352	PROVISIONS	1,526,382	971,861	1,189,988		
PROPERTY AND EQUIPMENT, NET	420,154	464,773	249,003	LEASE LIABILITIES	276,128	352,012	80,159		
RIGHT-OF-USE ASSETS	272,940	351,045	79,319	DEFERRED TAX LIABILITIES	266,715	266,757	266,714		
INTANGIBLE ASSETS	525	525	574	OTHER LIABILITIES	82	14	311		
DEFERRED TAX ASSETS	1,879,855	1,881,272	1,868,993	Total liabilities	236,608,408	180,450,279	177,931,466		
OTHER ASSETS	731,617	361,889	488,643	EQUITY					
				Share capital					
				Ordinary shares	146,692,102	146,692,102	146,692,102		
				Preference shares	15,333,000	15,333,000	15,333,000		
				Capital surplus	203,119,191	203,143,822	203,108,020		
				Retained earnings					
				Legal reserve	89,275,069	78,018,683	78,018,683		
				Special reserve	422,149,878	230,128,217	230,128,217		
				Unappropriated earnings	94,046,589	273,370,397	266,400,760		
				Other equity	(78,540,366)	(57,994,700)	(16,305,136)		
				Total equity	892,075,463	888,691,521	923,375,646		
TOTAL	\$ 1,128,683,871	\$ 1,069,141,800	\$ 1,101,307,112	TOTAL	\$ 1,128,683,871	\$ 1,069,141,800	\$ 1,101,307,112		

Cathay Financial Holding Co., Ltd.

Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
REVENUE				
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 28,892,518	\$ 32,568,733	\$ 76,970,160	\$ 104,970,904
Other operating income	<u>1,072,039</u>	<u>354,203</u>	<u>1,775,184</u>	<u>2,357,462</u>
Total revenue	<u>29,964,557</u>	<u>32,922,936</u>	<u>78,745,344</u>	<u>107,328,366</u>
EXPENSES AND LOSSES				
Operating expenses	(847,090)	(773,159)	(2,247,456)	(1,982,214)
Other expenses and losses	<u>(645,534)</u>	<u>(987,452)</u>	<u>(1,978,604)</u>	<u>(1,682,334)</u>
Total expenses and losses	<u>(1,492,624)</u>	<u>(1,760,611)</u>	<u>(4,226,060)</u>	<u>(3,664,548)</u>
INCOME BEFORE TAX	28,471,933	31,162,325	74,519,284	103,663,818
INCOME TAX BENEFIT (EXPENSE)	<u>149,788</u>	<u>(105,566)</u>	<u>102,748</u>	<u>(846,676)</u>
NET INCOME	<u>28,621,721</u>	<u>31,056,759</u>	<u>74,622,032</u>	<u>102,817,142</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Gain on equity instruments at fair value through other comprehensive income	3,849	39,963	7,466	43,382
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that will not be reclassified subsequently to profit or loss	4,837,961	(2,745,323)	(2,476,335)	23,577,552
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method for items that may be reclassified subsequently to profit or loss	<u>93,714,414</u>	<u>19,031,363</u>	<u>(13,738,896)</u>	<u>39,693,766</u>
Other comprehensive income (loss) for the period, net of income tax	<u>98,556,224</u>	<u>16,326,003</u>	<u>(16,207,765)</u>	<u>63,314,700</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 127,177,945</u>	<u>\$ 47,382,762</u>	<u>\$ 58,414,267</u>	<u>\$ 166,131,842</u>
EARNINGS PER SHARE				
Basic	<u>\$1.95</u>	<u>\$2.12</u>	<u>\$4.84</u>	<u>\$6.78</u>

Cathay Financial Holding Co., Ltd.

Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)

	Share Capital												Other Equity					
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Designated as at Fair Value Through Profit or Loss	Remeasurement of Defined Benefit Plans	Property Revaluation Surplus	Other Comprehensive Income (Loss) on Reclassification Using Overlay Approach	Other	Total Equity			
BALANCE ON JANUARY 1, 2024	\$ 146,692,102	\$ 15,333,000	\$ 202,793,453	\$ 72,994,637	\$ 378,461,911	\$ 50,240,458	\$ (12,961,984)	\$ (14,758,415)	\$ 510,499	\$ (833,793)	\$ (1,117,660)	\$ 12,612,706	\$ (60,150,205)	\$ (1,762,024)	\$ 788,054,685			
Appropriation of 2023 earnings				5,024,046		(5,024,046)												
Legal reserve	-	-	-		(148,333,694)	148,333,694												
Special reserve	-	-	-			(29,338,420)											(29,338,420)	
Cash dividends on ordinary shares	-	-	-			(3,404,403)											(3,404,403)	
Cash dividends on preferred shares	-	-	-															
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	314,567	-	-	(135,700)	-	(8,949)	-	-	-	-	-	-	-	-	169,918	
Changes in ownership interests in subsidiaries	-	-	-	-	-	94	-	(94)	-	-	-	-	-	-	-	1,762,024	1,762,024	
Net income for the nine months ended September 30, 2024	-	-	-	-	-	102,817,142	-	-	-	-	-	-	-	-	-		102,817,142	
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax							5,308,067	28,758,266	(221,100)	591,590	(3,225)	(3,706)	28,884,808				63,314,700	
Total comprehensive income (loss) for the nine months ended September 30, 2024						102,817,142	5,308,067	28,758,266	(221,100)	591,590	(3,225)	(3,706)	28,884,808				166,131,842	
Disposal of equity instruments at fair value through other comprehensive income						2,911,941		(2,911,941)										
BALANCE ON SEPTEMBER 30, 2024	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,108,020</u>	<u>\$ 78,018,683</u>	<u>\$ 230,128,217</u>	<u>\$ 266,400,760</u>	<u>\$ (7,653,917)</u>	<u>\$ 11,078,867</u>	<u>\$ 289,399</u>	<u>\$ (242,203)</u>	<u>\$ (1,120,885)</u>	<u>\$ 12,609,000</u>	<u>\$ (31,265,397)</u>	<u>\$ 923,375,646</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	
BALANCE ON JANUARY 1, 2025	\$ 146,692,102	\$ 15,333,000	\$ 203,143,822	\$ 78,018,683	\$ 230,128,217	\$ 273,370,397	\$ (7,585,169)	\$ (13,142,474)	\$ (354,267)	\$ (420,102)	\$ 1,075,791	\$ 12,609,000	\$ (50,177,479)	\$			\$ 888,691,521	
Appropriation of 2024 earnings				11,256,386		(11,256,386)												
Legal reserve	-	-	-		192,021,661	(192,021,661)												
Special reserve	-	-	-			(51,342,235)											(51,342,235)	
Cash dividends on ordinary shares	-	-	-			(3,595,916)											(3,595,916)	
Changes from investments in associates and joint ventures accounted for using the equity method	-	-	(16,311)	-	-	2,230	-	(2,230)	-	-	-	-	-	-	-	-	(16,311)	
Changes in ownership interests in subsidiaries	-	-	(8,320)	-	-	(67,543)	-	-	-	-	-	-	-	-	-	-	(75,863)	
Net income for the nine months ended September 30, 2025	-	-	-	-	-	74,622,032	-	-	-	-	-	-	-	-	-	-	74,622,032	
Other comprehensive income (loss) for the nine months ended September 30, 2025, net of income tax							(7,428,808)	21,512,363	(97,721)	226,297	1,795		(30,421,691)				(16,207,765)	
Total comprehensive income (loss) for the nine months ended September 30, 2025							74,622,032	(7,428,808)	21,512,363	(97,721)	226,297	1,795		(30,421,691)			58,414,267	
Disposal of equity instruments at fair value through other comprehensive income						4,334,923		(4,334,923)										
Other						748		-	-	-	-	-	(748)					
BALANCE ON SEPTEMBER 30, 2025	<u>\$ 146,692,102</u>	<u>\$ 15,333,000</u>	<u>\$ 203,119,191</u>	<u>\$ 89,275,069</u>	<u>\$ 422,149,878</u>	<u>\$ 94,046,589</u>	<u>\$ (15,013,977)</u>	<u>\$ 4,032,736</u>	<u>\$ (451,988)</u>	<u>\$ (193,805)</u>	<u>\$ 1,077,586</u>	<u>\$ 12,608,252</u>	<u>\$ (80,599,170)</u>	<u>\$ 892,075,463</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	

Cathay Financial Holding Co., Ltd.

Statements of Cash Flows
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 74,519,284	\$ 103,663,818
Adjustments for:		
Depreciation expense	226,327	167,397
Amortization	-	717
Gain on financial assets at fair value through profit or loss	(679,000)	(1,260,000)
Interest income	(1,042,726)	(1,058,764)
Dividend income	(9,687)	(7,869)
Interest expense	1,913,408	1,514,340
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(76,970,160)	(104,970,904)
Loss on disposal and retirement of property and equipment	329	473
Gain on disposal of intangible assets	-	(502)
Changes in operating assets and liabilities		
Receivables	13,800	13,111
Other assets	(682)	(387)
Payables	(193,115)	(171,416)
Provisions	1,788	(63,225)
Other liabilities	68	(294)
Cash used in operations	<u>(2,220,366)</u>	<u>(2,173,505)</u>
Interest received	123,044	90,876
Dividends received	9,687	7,869
Interest paid	(1,997,004)	(1,628,857)
Income tax refund	<u>2,119,706</u>	<u>680,472</u>
Net cash used in operating activities	<u>(1,964,933)</u>	<u>(3,023,145)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	-	(10,758)
Disposal of intangible assets	-	10,543
Acquisition of property and equipment	(27,118)	(10,661)
Disposal of property and equipment	-	115
Increase in other assets	(56,232)	(8,253)
Dividends received	<u>27,415,379</u>	<u>20,147,077</u>
Net cash generated from investing activities	<u>27,332,029</u>	<u>20,128,063</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	2,122,446	5,730,000
(Decrease) increase in other borrowings	(90,000)	3,000,000
Repayments of the principal portion of lease liabilities	(152,698)	(122,349)
Issuance of corporate bonds	32,000,000	11,000,000
Repayments of corporate bonds	(4,300,000)	(4,000,000)
Dividends paid	<u>(54,938,151)</u>	<u>(32,742,823)</u>
Net cash used in financing activities	<u>(25,358,403)</u>	<u>(17,135,172)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,693	(30,254)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,536,527</u>	<u>7,587,401</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,545,220</u>	<u>\$ 7,557,147</u>

34. INFORMATION OF THE COMPANY'S SUBSIDIARIES

a. Condensed balance sheets and condensed statements of comprehensive income

Cathay Life Insurance Co., Ltd.

Condensed Balance Sheets (In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 311,235,029	\$ 487,500,084
Receivables	68,088,621	113,798,208
Financial assets at fair value through profit or loss	1,588,308,360	1,402,771,152
Financial assets at fair value through other comprehensive income	796,001,286	623,051,127
Financial assets at amortized cost	3,928,749,312	4,148,075,491
Financial assets for hedging	2,777,937	97,974
Investments accounted for using the equity method	134,564,216	137,638,964
Investment property	529,206,793	511,875,141
Loans	424,970,847	402,124,044
Reinsurance assets	1,619,472	1,884,736
Property and equipment	28,932,564	28,848,941
Right-of-use assets	545,208	420,360
Intangible assets	20,959,566	22,720,868
Deferred tax assets	86,856,175	55,738,758
Other assets	64,325,955	32,585,624
Separate account insurance product assets	<u>800,760,863</u>	<u>778,741,937</u>
Total	<u>\$ 8,787,902,204</u>	<u>\$ 8,747,873,409</u>
Liabilities		
Payables	\$ 50,063,933	\$ 18,345,159
Current tax liabilities	74,716	74,716
Financial liabilities at fair value through profit or loss	38,085,972	6,524,481
Financial liabilities for hedging	-	1,332,408
Bonds payable	164,502,425	164,886,575
Insurance liabilities	6,877,448,648	6,893,117,435
Reserve for insurance contracts with the nature of financial products	1,392,053	1,280,252
Reserve for foreign exchange valuation	55,802,220	43,563,371
Provisions	56,245	56,245
Lease liabilities	13,866,199	13,582,710
Deferred tax liabilities	46,980,841	59,965,985
Other liabilities	11,989,963	22,012,612
Separate account insurance product liabilities	<u>800,760,863</u>	<u>778,741,937</u>
Total liabilities	<u>8,061,024,078</u>	<u>8,003,483,886</u>
Equity		
Share capital	63,515,274	63,515,274
Capital surplus	91,914,041	91,902,870
Retained earnings	658,438,413	617,911,982
Other equity	<u>(86,989,602)</u>	<u>(28,940,603)</u>
Total equity	<u>726,878,126</u>	<u>744,389,523</u>
Total	<u>\$ 8,787,902,204</u>	<u>\$ 8,747,873,409</u>

Cathay Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 510,243,443	\$ 578,830,841
Operating costs	(455,459,241)	(485,250,773)
Operating expenses	<u>(23,402,094)</u>	<u>(20,194,962)</u>
Operating income	31,382,108	73,385,106
Non-operating income and expenses	<u>1,619,341</u>	<u>1,615,381</u>
Profit before income tax	33,001,449	75,000,487
Income tax benefit (expense)	1,518,123	(9,200,905)
Profit from discontinued operations	<u>-</u>	<u>1,310,472</u>
Net income	34,519,572	67,110,054
Other comprehensive (loss) income	<u>(12,046,345)</u>	<u>56,928,772</u>
 Total comprehensive income	 <u>\$ 22,473,227</u>	 <u>\$ 124,038,826</u>
 Basic earnings per share	 <u>\$5.43</u>	 <u>\$10.57</u>

Cathay Lujiazui Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 15,663,780	\$ 7,461,544
Receivables	2,275,970	1,582,282
Financial assets at fair value through profit or loss	161,835,740	131,189,741
Financial assets at amortized cost	-	902,299
Loans	4,989,818	4,186,009
Reinsurance assets	80,886	79,598
Property and equipment	165,108	87,658
Right-of-use assets	211,657	268,190
Intangible assets	35,473	35,343
Other assets	2,711,526	2,982,108
Separate account insurance product assets	<u>96,143</u>	<u>96,427</u>
 Total	<u><u>\$ 188,066,101</u></u>	<u><u>\$ 148,871,199</u></u>
 Liabilities		
Payables	\$ 2,977,942	\$ 2,801,386
Insurance liabilities	137,091,292	99,265,513
Reserve for insurance contracts with the nature of financial instruments	26,574,509	25,306,303
Lease liabilities	218,629	273,496
Deferred tax liabilities	790,239	1,031,013
Other liabilities	389,262	618,730
Separate account insurance product liabilities	<u>96,143</u>	<u>96,427</u>
Total liabilities	<u><u>168,138,016</u></u>	<u><u>129,392,868</u></u>
 Equity		
Capital	13,497,155	13,497,155
Retained earnings	440,894	474,621
Other equity	<u>5,990,036</u>	<u>5,506,555</u>
Total equity	<u><u>19,928,085</u></u>	<u><u>19,478,331</u></u>
 Total	<u><u>\$ 188,066,101</u></u>	<u><u>\$ 148,871,199</u></u>

Cathay Lujiazui Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 45,965,580	\$ 30,837,465
Operating costs	(44,373,169)	(29,149,432)
Operating expenses	<u>(1,933,216)</u>	<u>(1,671,643)</u>
Operating (loss) income	(340,805)	16,390
Non-operating income and expenses	<u>(10,730)</u>	<u>(10,219)</u>
(Loss) profit before income tax	(351,535)	6,171
Income tax benefit	<u>197,775</u>	<u>390,013</u>
Net (loss) income	(153,760)	396,184
Other comprehensive (loss) income	<u>(3,029,613)</u>	<u>4,867,123</u>
 Total comprehensive (loss) income	 <u>\$ (3,183,373)</u>	 <u>\$ 5,263,307</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Lujiazui Life is a limited company, and no information is disclosed accordingly.

Cathay Life Insurance Company (Vietnam)

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 2,944,284	\$ 1,591,396
Receivables	1,518,245	1,640,384
Financial assets at fair value through profit or loss	28,788,417	28,938,835
Financial assets at amortized cost	8,457,370	11,078,474
Loans	418,992	402,727
Property and equipment	6,551	7,930
Right-of-use assets	97,380	161,477
Intangible assets	136	250
Other assets	<u>87,889</u>	<u>102,628</u>
Total	<u><u>\$ 42,319,264</u></u>	<u><u>\$ 43,924,101</u></u>
Liabilities		
Payables	\$ 281,713	\$ 326,353
Current tax liabilities	97,002	127,139
Insurance liabilities	14,925,516	15,157,104
Lease liabilities	<u>94,659</u>	<u>158,033</u>
Total liabilities	<u><u>15,398,890</u></u>	<u><u>15,768,629</u></u>
Equity		
Capital	20,370,930	20,370,930
Retained earnings	5,443,683	3,672,836
Other equity	<u>1,105,761</u>	<u>4,111,706</u>
Total equity	<u><u>26,920,374</u></u>	<u><u>28,155,472</u></u>
Total	<u><u>\$ 42,319,264</u></u>	<u><u>\$ 43,924,101</u></u>

Cathay Life Insurance Company (Vietnam)

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 4,668,848	\$ 5,099,102
Operating costs	(2,249,896)	(2,532,554)
Operating expenses	<u>(769,862)</u>	<u>(928,748)</u>
Operating income	1,649,090	1,637,800
Non-operating income and expenses	<u>8,644</u>	<u>10,725</u>
Profit before income tax	1,657,734	1,648,525
Income tax expense	<u>(282,166)</u>	<u>(391,988)</u>
Net income	1,375,568	1,256,537
Other comprehensive (loss) income	<u>(2,866,426)</u>	<u>1,358,759</u>
 Total comprehensive (loss) income	 <u>\$ (1,490,858)</u>	 <u>\$ 2,615,296</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Life (Vietnam) is a limited company, and no information is disclosed accordingly.

Lin Yuan (Shanghai) Real Estate Co., Ltd.

**Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)**

	September 30	
	2025	2024
Assets		
Current assets	\$ 402,812	\$ 438,927
Financial assets at amortized cost - non-current	1,947,491	1,917,387
Investment property	<u>6,158,390</u>	<u>7,024,406</u>
Total	<u>\$ 8,508,693</u>	<u>\$ 9,380,720</u>
Liabilities		
Current liabilities	\$ 7,756	\$ 10,557
Deferred tax liabilities	531,086	645,986
Other non-current liabilities	<u>45,805</u>	<u>65,122</u>
Total liabilities	<u>584,647</u>	<u>721,665</u>
Equity		
Capital	7,223,435	7,223,435
Retained earnings	1,428,112	1,728,243
Other equity	<u>(727,501)</u>	<u>(292,623)</u>
Total equity	<u>7,924,046</u>	<u>8,659,055</u>
Total	<u>\$ 8,508,693</u>	<u>\$ 9,380,720</u>

Lin Yuan (Shanghai) Real Estate Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating (loss) revenue	\$ (87,139)	\$ 45,339
Operating expenses	<u>(33,615)</u>	<u>(31,888)</u>
(Loss) profit before income tax	(120,754)	13,451
Income tax benefit (expense)	<u>23,154</u>	<u>(6,331)</u>
Net (loss) income	(97,600)	7,120
Other comprehensive (loss) income	<u>(394,765)</u>	<u>340,877</u>
 Total comprehensive (loss) income	 <u>\$ (492,365)</u>	 <u>\$ 347,997</u>
 Basic earnings per share	 Note	 Note

Note: Lin Yuan is a limited company, and no information is disclosed accordingly.

Cathay Woolgate Exchange Holding 1 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 1,671,007	\$ 1,646,949
Investment property	<u>20,747,222</u>	<u>20,846,724</u>
Total	<u><u>\$ 22,418,229</u></u>	<u><u>\$ 22,493,673</u></u>
Liabilities		
Current liabilities	\$ 765	\$ 143
Total liabilities	<u>765</u>	<u>143</u>
Equity		
Capital	22,258,333	22,258,333
Retained earnings	3,517,680	2,819,719
Other equity	<u>(3,358,549)</u>	<u>(2,584,522)</u>
Total equity	<u><u>22,417,464</u></u>	<u><u>22,493,530</u></u>
Total	<u><u>\$ 22,418,229</u></u>	<u><u>\$ 22,493,673</u></u>

Cathay Woolgate Exchange Holding 1 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 1,538,923	\$ 3,117,861
Operating expenses	<u>(115,249)</u>	<u>(64,011)</u>
Operating income	1,423,674	3,053,850
Non-operating income and expenses	<u>12,024</u>	<u>87,932</u>
Net income	1,435,698	3,141,782
Other comprehensive (loss) income	<u>(108,658)</u>	<u>1,552,209</u>
 Total comprehensive income	 <u>\$ 1,327,040</u>	 <u>\$ 4,693,991</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Woolgate Exchange Holding 1 Limited is a limited company, and no information is disclosed accordingly.

Cathay Woolgate Exchange Holding 2 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 9,933	\$ 10,173
Investment property	<u>209,568</u>	<u>210,573</u>
Total	<u><u>\$ 219,501</u></u>	<u><u>\$ 220,746</u></u>
Liabilities		
Current liabilities	\$ 765	\$ 143
Total liabilities	<u>765</u>	<u>143</u>
Equity		
Capital	224,832	224,832
Retained earnings	28,198	22,476
Other equity	<u>(34,294)</u>	<u>(26,705)</u>
Total equity	<u><u>218,736</u></u>	<u><u>220,603</u></u>
Total	<u><u>\$ 219,501</u></u>	<u><u>\$ 220,746</u></u>

Cathay Woolgate Exchange Holding 2 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 15,317	\$ 31,109
Operating expenses	<u>(1,931)</u>	<u>(1,465)</u>
Operating income	13,386	29,644
Non-operating income and expenses	<u>121</u>	<u>888</u>
Net income	13,507	30,532
Other comprehensive (loss) income	<u>(1,062)</u>	<u>15,227</u>
 Total comprehensive income	 <u>\$ 12,445</u>	 <u>\$ 45,759</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Woolgate Exchange Holding 2 Limited is a limited company, and no information is disclosed accordingly.

Cathay Walbrook Holding 1 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 953,294	\$ 1,234,604
Investment property	15,938,941	16,641,816
Other non-current assets	<u>-</u>	<u>304</u>
Total	<u>\$ 16,892,235</u>	<u>\$ 17,876,724</u>
Liabilities		
Current liabilities	\$ 250,443	\$ 166,389
Non-current liabilities	<u>12,887,636</u>	<u>13,340,305</u>
Total liabilities	<u>13,138,079</u>	<u>13,506,694</u>
Equity		
Capital	10,189,090	10,189,090
Retained earnings	(4,744,736)	(4,271,352)
Other equity	<u>(1,690,198)</u>	<u>(1,547,708)</u>
Total equity	<u>3,754,156</u>	<u>4,370,030</u>
Total	<u>\$ 16,892,235</u>	<u>\$ 17,876,724</u>

Cathay Walbrook Holding 1 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue (loss)	\$ 1,066,042	\$ (588,831)
Operating costs	(721,690)	(788,587)
Operating expenses	<u>(73,589)</u>	<u>(22,016)</u>
Operating income (loss)	270,763	(1,399,434)
Non-operating income and expenses	<u>34,183</u>	<u>40,690</u>
Profit (loss) before income tax	304,946	(1,358,744)
Income tax expense	<u>(172,117)</u>	<u>(173,994)</u>
Net income (loss)	132,829	(1,532,738)
Other comprehensive (loss) income	<u>(18,575)</u>	<u>398,353</u>
 Total comprehensive income (loss)	 <u>\$ 114,254</u>	 <u>\$ (1,134,385)</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Walbrook Holding 1 Limited is a limited company, and no information is disclosed accordingly.

Cathay Walbrook Holding 2 Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 44,894	\$ 60,883
Investment property	838,892	875,885
Other non-current assets	<u>-</u>	<u>304</u>
Total	<u><u>\$ 883,786</u></u>	<u><u>\$ 937,072</u></u>
Liabilities		
Current liabilities	\$ 14,065	\$ 8,907
Non-current liabilities	<u>686,275</u>	<u>710,380</u>
Total liabilities	<u><u>700,340</u></u>	<u><u>719,287</u></u>
Equity		
Capital	536,268	536,268
Retained earnings	(263,504)	(236,241)
Other equity	<u>(89,318)</u>	<u>(82,242)</u>
Total equity	<u><u>183,446</u></u>	<u><u>217,785</u></u>
Total	<u><u>\$ 883,786</u></u>	<u><u>\$ 937,072</u></u>

Cathay Walbrook Holding 2 Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue (loss)	\$ 55,863	\$ (31,121)
Operating costs	(38,430)	(41,993)
Operating expenses	<u>(5,066)</u>	<u>(2,372)</u>
Operating income (loss)	12,367	(75,486)
Non-operating income and expenses	<u>1,799</u>	<u>2,142</u>
Profit (loss) before income tax	14,166	(73,344)
Income tax expense	<u>(8,970)</u>	<u>(8,862)</u>
Net income (loss)	5,196	(82,206)
Other comprehensive (loss) income	<u>(912)</u>	<u>20,100</u>
 Total comprehensive income (loss)	 <u>\$ 4,284</u>	 <u>\$ (62,106)</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Walbrook Holding 2 Limited is a limited company, and no information is disclosed accordingly.

Cathaylife Singapore Pte. Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	<u>September 30</u>	
	<u>2025</u>	<u>2024</u>
Assets		
Current assets	\$ 1,857,923	\$ 2,544,305
Financial assets at fair value through other comprehensive income	2,453,292	1,546,501
Financial assets at amortized cost	<u>24,691,849</u>	<u>26,119,809</u>
Total	<u>\$ 29,003,064</u>	<u>\$ 30,210,615</u>
Liabilities		
Current liabilities	\$ 296,870	\$ 304,130
Non-current liabilities	<u>27,894,539</u>	<u>29,041,151</u>
Total liabilities	<u>28,191,409</u>	<u>29,345,281</u>
Equity		
Capital	975,840	975,840
Retained earnings	(116,568)	(92,865)
Other equity	(47,617)	(17,641)
Total equity	<u>811,655</u>	<u>865,334</u>
Total	<u>\$ 29,003,064</u>	<u>\$ 30,210,615</u>

Cathaylife Singapore Pte. Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	From July 3 to September 30, 2024
Operating revenue	\$ 1,181,361	\$ 285,681
Operating costs	(1,238,261)	(306,382)
Operating expenses	(14,568)	(72,164)
Operating loss	(71,468)	(92,865)
Non-operating income and expenses	-	-
Loss before income tax	(71,468)	(92,865)
Income tax expense	-	-
Net loss	(71,468)	(92,865)
Other comprehensive income (loss)	36,566	(17,641)
 Total comprehensive loss	 \$ (34,902)	 \$ (110,506)
 Basic earnings per share	 Note 2	 Note 2

Note 1: Cathaylife Singapore Pte. Ltd. has been established and merged into the consolidated financial statements as a subsidiary since July 3, 2024.

Note 2: Cathaylife Singapore Pte. Ltd. is a limited company, and no information is disclosed accordingly.

Cathay Industrial Research and Design Center Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 1,204,892	\$ 2,607,221
Financial assets at amortized cost	148,727	278,727
Investment property	4,146,031	2,535,523
Property and equipment	647	1,202
Right-of-use assets	257	1,287
Intangible assets	127	-
Deferred tax assets	71,776	61,218
Other assets	<u>160,394</u>	<u>76,754</u>
Total	<u><u>\$ 5,732,851</u></u>	<u><u>\$ 5,561,932</u></u>
Liabilities		
Current liabilities	\$ 206,422	\$ 1,271
Leased liabilities	1,313,520	1,305,546
Other non-current liabilities	29	4
Total liabilities	<u>1,519,971</u>	<u>1,306,821</u>
Equity		
Share capital	4,500,000	4,500,000
Retained earnings	<u>(287,120)</u>	<u>(244,889)</u>
Total equity	<u>4,212,880</u>	<u>4,255,111</u>
Total	<u><u>\$ 5,732,851</u></u>	<u><u>\$ 5,561,932</u></u>

Cathay Industrial Research and Design Center Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue (loss)	\$ 5,052	\$ (11,751)
Operating costs	(38,943)	(38,946)
Operating expenses	<u>(7,412)</u>	<u>(6,291)</u>
Operating loss	(41,303)	(56,988)
Non-operating income and expenses	<u>15,130</u>	<u>18,016</u>
Loss before income tax	(26,173)	(38,972)
Income tax benefit	<u>5,235</u>	<u>7,822</u>
Net loss	(20,938)	(31,150)
Other comprehensive income	—	—
 Total comprehensive loss	 <u>\$ (20,938)</u>	 <u>\$ (31,150)</u>
 Basic loss per share	 <u><u>\$ (0.05)</u></u>	 <u><u>\$ (0.12)</u></u>

Cathay Power Inc.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 1,297,140	\$ 860,089
Financial assets at amortized cost	1,220	1,518
Property and equipment	11,643,680	11,527,506
Right-of-use assets	623,180	670,164
Intangible assets	91,306	93,690
Deferred tax assets	302	851
Other non-current assets	<u>744,898</u>	<u>1,248,608</u>
Total	<u><u>\$ 14,401,726</u></u>	<u><u>\$ 14,402,426</u></u>
Liabilities		
Current liabilities	\$ 3,920,264	\$ 4,640,793
Lease liabilities	653,567	695,561
Other non-current liabilities	<u>5,733,145</u>	<u>4,568,614</u>
Total liabilities	<u><u>10,306,976</u></u>	<u><u>9,904,968</u></u>
Equity		
Share capital	3,703,770	3,703,770
Capital surplus	140,593	152,479
Retained earnings	185,721	276,210
Other equity	(4,058)	-
Non-controlling interests	<u>68,724</u>	<u>364,999</u>
Total equity	<u><u>4,094,750</u></u>	<u><u>4,497,458</u></u>
Total	<u><u>\$ 14,401,726</u></u>	<u><u>\$ 14,402,426</u></u>

Cathay Power Inc.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 1,223,629	\$ 1,214,071
Operating costs	(862,020)	(811,487)
Operating expenses	<u>(109,080)</u>	<u>(104,001)</u>
Operating income	252,529	298,583
Non-operating income and expenses	174	(341)
Profit before income tax	252,703	298,242
Income tax expense	<u>(51,937)</u>	<u>(61,087)</u>
Net income	200,766	237,155
Other comprehensive loss	<u>(3,924)</u>	-
 Total comprehensive income	 <u>\$ 196,842</u>	 <u>\$ 237,155</u>
 Basic earnings per share	 <u>\$0.54</u>	 <u>\$0.58</u>

Cathay Wind Power Holdings Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

**September 30,
2025**

Assets

Current assets	\$ 46,739,084
Financial assets for hedging	17,607
Equity investments accounted for using the equity method	3,779,372
Deferred tax assets	101,448
Other non-current assets	<u>986,811</u>
 Total	 <u>\$ 51,624,322</u>

Liabilities

Current liabilities	\$ 22,853,497
Financial liabilities for hedging	524,846
Other financial liabilities - non-current	<u>28,882,353</u>
Total liabilities	<u>52,260,696</u>

Equity

Share capital	10,000
Retained earnings	(240,583)
Other equity	<u>(405,791)</u>
Total equity	<u>(636,374)</u>
 Total	 <u>\$ 51,624,322</u>

Cathay Wind Power Holdings Co., Ltd.

**Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Loss Per Share)**

	For the Nine Months Ended September 30, 2025
Operating revenue	\$ 922,759
Operating costs	(1,015,327)
Operating expenses	<u>(232,394)</u>
Operating loss	<u>(324,962)</u>
Non-operating income and expenses	<u>105,118</u>
Loss before income tax	<u>(219,844)</u>
Income tax expense	<u>-</u>
Net loss	<u>(219,844)</u>
Other comprehensive loss	<u>(392,344)</u>
 Total comprehensive loss	 <u>\$ (612,188)</u>
 Basic loss per share	 <u>\$(219.84)</u>

Cathay Century Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 12,816,734	\$ 9,618,465
Receivables	3,878,719	3,617,562
Financial assets at fair value through profit or loss	14,362,401	13,804,728
Financial assets at fair value through other comprehensive income	657,078	662,364
Financial assets at amortized cost	10,290,425	9,582,850
Investments accounted for using the equity method	3,098,916	3,185,739
Loans	70,586	103,573
Reinsurance assets	19,755,298	18,009,058
Property and equipment	373,211	437,301
Right-of-use assets	326,770	210,662
Intangible assets	68,668	76,187
Deferred tax assets	4,505,698	4,531,723
Other assets	<u>513,982</u>	<u>557,068</u>
Total	<u>\$ 70,718,486</u>	<u>\$ 64,397,280</u>
Liabilities		
Payables	\$ 4,529,453	\$ 4,336,863
Financial liabilities at fair value through profit or loss	77,498	110,721
Lease liabilities	326,748	210,162
Insurance liabilities	45,087,429	39,978,244
Provisions	298,535	324,283
Deferred tax liabilities	319,008	391,749
Other liabilities	<u>1,465,857</u>	<u>1,430,020</u>
Total liabilities	<u>52,104,528</u>	<u>46,782,042</u>
Equity		
Share capital	2,000,000	2,000,000
Capital surplus	7,861,133	7,861,133
Retained earnings	8,920,241	7,125,768
Other equity	(167,416)	628,337
Total equity	<u>18,613,958</u>	<u>17,615,238</u>
Total	<u>\$ 70,718,486</u>	<u>\$ 64,397,280</u>

Cathay Century Insurance Co., Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 22,604,358	\$ 20,581,514
Operating costs	(14,706,436)	(13,673,885)
Operating expenses	<u>(4,620,469)</u>	<u>(4,304,442)</u>
Operating income	3,277,453	2,603,187
Non-operating income and expenses	<u>(5,437)</u>	<u>99</u>
Profit before income tax	3,272,016	2,603,286
Income tax expense	<u>(455,373)</u>	<u>(400,871)</u>
Net income	2,816,643	2,202,415
Other comprehensive (loss) income	<u>(692,376)</u>	<u>720,298</u>
 Total comprehensive income	 <u>\$ 2,124,267</u>	 <u>\$ 2,922,713</u>
 Basic earnings per share	 <u>\$14.08</u>	 <u>\$11.01</u>

Cathay Insurance Co., Ltd. (Vietnam)

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 302,664	\$ 336,373
Receivables	131,760	94,047
Financial assets at amortized cost	596,163	666,028
Reinsurance assets	532,102	471,638
Property and equipment	1,393	3,037
Right-of-use assets	13,070	26,007
Intangible assets	15,244	23,273
Other assets	<u>51,526</u>	<u>64,491</u>
Total	<u><u>\$ 1,643,922</u></u>	<u><u>\$ 1,684,894</u></u>
Liabilities		
Payables	\$ 219,983	\$ 200,864
Insurance liabilities	727,071	708,212
Lease liabilities	13,370	26,088
Deferred tax liabilities	166	157
Other liabilities	<u>18,061</u>	<u>28,067</u>
Total liabilities	<u><u>978,651</u></u>	<u><u>963,388</u></u>
Equity		
Capital	845,585	845,585
Retained earnings	45,741	25,157
Other equity	<u>(226,055)</u>	<u>(149,236)</u>
Total equity	<u><u>665,271</u></u>	<u><u>721,506</u></u>
Total	<u><u>\$ 1,643,922</u></u>	<u><u>\$ 1,684,894</u></u>

Cathay Insurance Co., Ltd. (Vietnam)

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 364,927	\$ 407,743
Operating costs	(102,568)	(126,290)
Operating expenses	<u>(252,402)</u>	<u>(269,327)</u>
Operating income	9,957	12,126
Non-operating income and expenses	<u>209</u>	<u>419</u>
Profit before income tax	10,166	12,545
Income tax expense	<u>(2,151)</u>	<u>(2,489)</u>
Net income	8,015	10,056
Other comprehensive (loss) income	<u>(75,755)</u>	<u>10,689</u>
 Total comprehensive (loss) income	 <u>\$ (67,740)</u>	 <u>\$ 20,745</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Insurance (Vietnam) is a limited company, and no information is disclosed accordingly.

Cathay United Bank Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 64,272,635	\$ 66,194,940
Due from the Central Bank and call loans to banks	484,083,869	312,073,659
Financial assets at fair value through profit or loss	335,850,971	218,472,450
Financial assets at fair value through other comprehensive income	308,891,702	295,496,957
Debt instruments at amortized cost	726,486,851	511,550,775
Notes and bonds purchased under resale agreements	19,530,069	15,077,203
Receivables	148,320,357	134,882,788
Current tax assets	443	495
Loans	2,697,463,786	2,498,613,554
Investments accounted for using the equity method	27,354,015	27,793,436
Other financial assets	237,257	22,290
Property and equipment	24,516,518	23,467,925
Right-of-use assets	5,503,686	5,355,890
Investment property	2,238,150	2,264,352
Intangible assets	7,956,074	7,721,733
Deferred tax assets	4,121,216	3,435,210
Other assets	<u>31,467,485</u>	<u>30,387,504</u>
Total	<u><u>\$ 4,888,295,084</u></u>	<u><u>\$ 4,152,811,161</u></u>
Liabilities		
Deposits from the Central Bank and banks	\$ 79,550,071	\$ 101,370,915
Financial liabilities at fair value through profit or loss	97,694,979	116,778,674
Notes and bonds under repurchase agreements	1,651,818	14,628,549
Payables	82,256,787	47,334,072
Current tax liabilities	152,548	298,469
Deposits and remittances	4,236,481,736	3,493,481,758
Financial debentures payable	18,600,000	12,700,000
Other financial liabilities	36,165,047	47,931,400
Provisions	3,439,829	3,599,579
Lease liabilities	5,584,457	5,394,134
Deferred tax liabilities	2,254,976	2,490,404
Other liabilities	<u>16,363,873</u>	<u>15,218,090</u>
Total liabilities	<u><u>4,580,196,121</u></u>	<u><u>3,861,226,044</u></u>
Equity		
Share capital	128,220,970	120,113,139
Capital surplus	38,869,080	38,869,080
Retained earnings	144,075,074	133,903,955
Other equity	<u>(3,066,161)</u>	<u>(1,301,057)</u>
Total equity	<u><u>308,098,963</u></u>	<u><u>291,585,117</u></u>
Total	<u><u>\$ 4,888,295,084</u></u>	<u><u>\$ 4,152,811,161</u></u>

Cathay United Bank Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Interest income	\$ 87,493,448	\$ 83,830,988
Interest expense	<u>(39,588,808)</u>	<u>(41,452,371)</u>
Net interest income	47,904,640	42,378,617
Net income and gains other than interest income	<u>37,120,939</u>	<u>36,384,339</u>
Profit from operations	85,025,579	78,762,956
Provision for bad debt, commitments and guarantee reserve	(3,898,285)	(5,559,009)
Operating expenses	<u>(39,637,220)</u>	<u>(35,442,998)</u>
Profit before income tax	41,490,074	37,760,949
Income tax expense	<u>(7,095,000)</u>	<u>(6,722,000)</u>
Net income	34,395,074	31,038,949
Other comprehensive (loss) income	<u>(1,305,781)</u>	<u>4,904,723</u>
 Total comprehensive income	 <u>\$ 33,089,293</u>	 <u>\$ 35,943,672</u>
 Basic earnings per share	 <u>\$2.68</u>	 <u>\$2.42</u>

Indovina Bank Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 65,860,933	\$ 29,696,267
Due from the Central Bank and call loans to banks	3,888,367	4,384,812
Financial assets at fair value through profit or loss	3,396,291	5,654,027
Financial assets at fair value through other comprehensive income	7,984,739	7,121,145
Receivables	1,302,954	1,167,591
Loans	50,684,954	45,398,408
Property and equipment	545,153	584,837
Right-of-use assets	134,495	164,771
Intangible assets	45,339	50,496
Deferred tax assets	142,262	204,940
Other assets	84,860	93,152
Total	<u>\$ 134,070,347</u>	<u>\$ 94,520,446</u>
Liabilities		
Due to the Central Bank and banks	\$ 67,797,630	\$ 31,498,448
Financial liabilities at fair value through profit or loss	14,650	78,960
Payables	1,516,409	1,353,546
Current tax liabilities	94,099	109,067
Deposits and remittances	55,360,824	52,976,251
Provisions	5,931	8,969
Lease liabilities	122,962	149,247
Other liabilities	27,850	6,472
Total liabilities	<u>124,940,355</u>	<u>86,180,960</u>
Equity		
Capital	7,823,375	6,094,911
Retained earnings	987,745	1,412,994
Other equity	318,872	831,581
Total equity	<u>9,129,992</u>	<u>8,339,486</u>
Total	<u>\$ 134,070,347</u>	<u>\$ 94,520,446</u>

Indovina Bank Limited
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Interest income	\$ 3,589,675	\$ 3,059,328
Interest expense	<u>(2,495,941)</u>	<u>(1,822,244)</u>
Net interest income	1,093,734	1,237,084
Net income and gains other than interest income	<u>429,144</u>	<u>648,136</u>
Profit from operations	<u>1,522,878</u>	<u>1,885,220</u>
Provision for bad debt, commitments and guarantee reserve	<u>(173,902)</u>	<u>(766,533)</u>
Operating expenses	<u>(607,433)</u>	<u>(590,747)</u>
Profit before income tax	741,543	527,940
Income tax expense	<u>(155,675)</u>	<u>(124,574)</u>
Net income	585,868	403,366
Other comprehensive (loss) income	<u>(772,729)</u>	<u>67,256</u>
 Total comprehensive (loss) income	 <u>\$ (186,861)</u>	 <u>\$ 470,622</u>
 Basic earnings per share	 Note	 Note

Note: Indovina Bank is a limited company, and no information is disclosed accordingly.

Cathay United Bank (Cambodia) PLC.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 1,382,328	\$ 1,766,372
Due from the Central Bank and call loans to banks	3,402,712	2,567,599
Financial assets at fair value through other comprehensive income	780	810
Debt instruments at amortized cost	148,810	153,422
Receivables	256,730	268,669
Loans	13,714,850	16,033,643
Property and equipment	160,371	195,006
Intangible assets	26,042	26,372
Right-of-use assets	96,881	67,024
Other assets	<u>95,592</u>	<u>79,909</u>
 Total	 <u>\$ 19,285,096</u>	 <u>\$ 21,158,826</u>
 Liabilities		
Deposits from the Central Bank and banks	\$ 8,599,922	\$ 8,886,954
Payables	272,725	274,367
Current tax liabilities	17,585	16,387
Deposits and remittances	6,783,773	8,102,919
Provisions	1,674	1,934
Lease liabilities	97,447	71,808
Deferred tax liabilities	17,565	34,501
Other liabilities	<u>1,573</u>	<u>1,633</u>
Total liabilities	<u>15,792,264</u>	<u>17,390,503</u>
 Equity		
Share capital	3,020,769	3,020,769
Retained earnings	428,708	579,668
Other equity	<u>43,355</u>	<u>167,886</u>
Total equity	<u>3,492,832</u>	<u>3,768,323</u>
 Total	 <u>\$ 19,285,096</u>	<u>\$ 21,158,826</u>

Cathay United Bank (Cambodia) PLC.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Interest income	\$ 1,040,300	\$ 1,076,539
Interest expense	<u>(455,452)</u>	<u>(554,021)</u>
Net interest income	584,848	522,518
Net income and gains other than interest income	<u>26,646</u>	<u>28,730</u>
Profit from operations	<u>611,494</u>	<u>551,248</u>
Provision for bad debt, commitments and guarantee reserve	(7,103)	(80,106)
Operating expenses	<u>(421,099)</u>	<u>(443,998)</u>
Profit before income tax	183,292	27,144
Income tax expense	<u>(57,160)</u>	<u>(16,114)</u>
Net income	126,132	11,030
Other comprehensive (loss) income	<u>(258,472)</u>	<u>108,743</u>
 Total comprehensive (loss) income	 <u>\$ (132,340)</u>	 <u>\$ 119,773</u>
 Basic earnings per share	 <u>\$1.26</u>	 <u>\$0.11</u>

Cathay United Bank (China) Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 1,189,689	\$ 427,428
Due from the Central Bank and call loans to banks	8,068,352	5,871,611
Financial assets at fair value through profit or loss	1,469,999	2,710,088
Financial assets at fair value through other comprehensive income	34,315,761	31,058,356
Debt instruments at amortized cost	1,747,020	1,844,643
Notes and bonds purchased under resale agreements	-	3,166,276
Receivables	18,822,907	30,011,800
Current tax assets	17,424	-
Loans	38,877,771	39,785,592
Property and equipment	135,325	141,451
Right-of-use assets	279,900	323,991
Intangible assets	180,800	196,135
Deferred tax assets	7,569	29,967
Other assets	272,517	356,766
 Total	 \$ 105,385,034	 \$ 115,924,104
Liabilities		
Deposits from the Central Bank and banks	\$ 3,486,638	\$ 5,992,933
Financial liabilities at fair value through profit or loss	536,203	1,666,989
Notes and bonds sold under repurchase agreements	-	452,325
Payables	19,253,972	30,750,148
Current tax liabilities	-	25,956
Deposits and remittances	61,705,163	56,024,369
Other financial liabilities	2,326,983	2,558,712
Provisions	36,806	36,086
Lease liabilities	311,773	349,228
Other liabilities	687,285	447,859
Total liabilities	88,344,823	98,304,605
Equity		
Capital	14,377,562	14,377,562
Capital surplus	2,522,670	2,522,670
Retained earnings	1,809,638	1,483,256
Other equity	(1,669,659)	(763,989)
Total equity	17,040,211	17,619,499
 Total	 \$ 105,385,034	 \$ 115,924,104

Cathay United Bank (China) Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Interest income	\$ 1,695,680	\$ 1,752,695
Interest expense	<u>(920,130)</u>	<u>(1,023,743)</u>
Net interest income	775,550	728,952
Net income and gains other than interest income	<u>399,519</u>	<u>455,949</u>
Profit from operations	<u>1,175,069</u>	<u>1,184,901</u>
Provision for bad debt, commitments and guarantee reserve	(58,520)	(108,704)
Operating expenses	<u>(832,143)</u>	<u>(816,565)</u>
Profit before income tax	284,406	259,632
Income tax expense	<u>(50,521)</u>	<u>(65,894)</u>
Net income	233,885	193,738
Other comprehensive (loss) income	<u>(1,252,583)</u>	<u>836,596</u>
 Total comprehensive (loss) income	 <u><u>\$ (1,018,698)</u></u>	 <u><u>\$ 1,030,334</u></u>
 Basic earnings per share	 Note	 Note

Note: CUBCN BANK is a limited company, and no information is disclosed accordingly.

Cathay Securities Corporation

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	September 30	
	2025	2024
Current assets	\$ 83,879,750	\$ 84,479,221
Financial assets at fair value through other comprehensive income - non-current	426	839
Investments accounted for using the equity method	3,290,782	4,219,833
Property and equipment	384,019	284,298
Right-of-use assets	260,001	255,009
Intangible assets	126,496	80,051
Deferred tax assets	22,972	65,932
Other non-current assets	<u>1,194,361</u>	<u>798,007</u>
 Total	 <u>\$ 89,158,807</u>	 <u>\$ 90,183,190</u>
 Liabilities		
Current liabilities	\$ 71,640,646	\$ 71,952,633
Lease liabilities - non-current	152,074	167,387
Deferred tax liabilities	11,131	132,422
Other non-current liabilities	<u>36,169</u>	<u>38,406</u>
Total liabilities	<u>71,840,020</u>	<u>72,290,848</u>
 Equity		
Share capital	7,700,000	7,700,000
Capital surplus	914,810	914,810
Retained earnings	7,649,708	6,674,516
Other equity	<u>1,054,269</u>	<u>2,603,016</u>
Total equity	<u>17,318,787</u>	<u>17,892,342</u>
 Total	 <u>\$ 89,158,807</u>	 <u>\$ 90,183,190</u>

Cathay Securities Corporation
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Revenues	\$ 8,695,519	\$ 8,928,109
Operating costs and expenses	<u>(5,077,421)</u>	<u>(4,969,169)</u>
Operating income	3,618,098	3,958,940
Non-operating income and expenses	<u>97,737</u>	<u>90,970</u>
Profit before income tax	3,715,835	4,049,910
Income tax expense	<u>(648,672)</u>	<u>(698,753)</u>
Net income	3,067,163	3,351,157
Other comprehensive (loss) income	<u>(2,123,732)</u>	<u>701,489</u>
 Total comprehensive income	 <u>\$ 943,431</u>	 <u>\$ 4,052,646</u>
 Basic earnings per share	 <u>\$3.98</u>	 <u>\$4.35</u>

Cathay Futures Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 21,066,486	\$ 17,885,969
Financial assets at fair value through other comprehensive income - non-current	1,309,699	2,573,328
Property and equipment	60,332	61,546
Investment property	290,341	290,341
Right-of-use assets	14,767	7,945
Intangible assets	30,069	30,554
Deferred tax assets	560	566
Other non-current assets	<u>172,201</u>	<u>164,555</u>
Total	<u><u>\$ 22,944,455</u></u>	<u><u>\$ 21,014,804</u></u>
Liabilities		
Current liabilities	\$ 20,273,754	\$ 17,293,730
Deferred tax liabilities	6,192	6,165
Other non-current liabilities	8,120	6,384
Total liabilities	<u>20,288,066</u>	<u>17,306,279</u>
Equity		
Share capital	819,600	667,000
Capital surplus	2,455	2,455
Retained earnings	556,605	497,736
Other equity	<u>1,277,729</u>	<u>2,541,334</u>
Total equity	<u>2,656,389</u>	<u>3,708,525</u>
Total	<u><u>\$ 22,944,455</u></u>	<u><u>\$ 21,014,804</u></u>

Cathay Futures Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Revenues	\$ 382,171	\$ 392,081
Operating costs and expenses	<u>(444,069)</u>	<u>(430,634)</u>
Operating loss	(61,898)	(38,553)
Non-operating income and expenses	<u>258,739</u>	<u>243,027</u>
Profit before income tax	196,841	204,474
Income tax expense	<u>(36,717)</u>	<u>(37,287)</u>
Net income	160,124	167,187
Other comprehensive (loss) income	<u>(2,123,840)</u>	<u>607,933</u>
 Total comprehensive (loss) income	 <u><u>\$ (1,963,716)</u></u>	 <u><u>\$ 775,120</u></u>
 Basic earnings per share	 <u><u>\$1.95</u></u>	 <u><u>\$2.04</u></u>

Cathay Securities (Hong Kong) Limited

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 1,737,378	\$ 2,592,785
Property and equipment	4,268	2,961
Right-of-use assets	17,384	29,950
Intangible assets	1,949	2,029
Other non-current assets	<u>21,955</u>	<u>85,148</u>
Total	<u><u>\$ 1,782,934</u></u>	<u><u>\$ 2,712,873</u></u>
Liabilities		
Current liabilities	\$ 1,141,419	\$ 2,182,416
Non-current liabilities	<u>6,873</u>	<u>18,801</u>
Total liabilities	<u><u>1,148,292</u></u>	<u><u>2,201,217</u></u>
Equity		
Capital	1,108,244	1,108,244
Retained earnings	(425,131)	(573,660)
Other equity	<u>(48,471)</u>	<u>(22,928)</u>
Total equity	<u><u>634,642</u></u>	<u><u>511,656</u></u>
Total	<u><u>\$ 1,782,934</u></u>	<u><u>\$ 2,712,873</u></u>

Cathay Securities (Hong Kong) Limited

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
Revenues	\$ 214,838	\$ 234,960
Operating costs and expenses	<u>(147,677)</u>	<u>(142,068)</u>
Operating income	67,161	92,892
Non-operating income and expenses	<u>1,710</u>	<u>3,337</u>
Net profit	68,871	96,229
Other comprehensive (loss) income	<u>(45,693)</u>	<u>13,789</u>
 Total comprehensive income	 <u>\$ 23,178</u>	 <u>\$ 110,018</u>
 Basic earnings per share	 Note	 Note

Note: Cathay Securities (Hong Kong) is a limited company, and no information is disclosed accordingly.

Cathay Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 5,255,919	\$ 4,628,609
Financial assets at fair value through other comprehensive income - non-current	18,103	15,681
Investments accounted for using the equity method	239,985	352,424
Property and equipment	80,762	92,841
Right-of-use assets	80,412	102,831
Intangible assets	88,470	64,230
Deferred tax assets	16,278	20,101
Guarantee deposits paid	389,798	382,512
Other non-current assets	<u>60,821</u>	<u>31,428</u>
 Total	<u><u>\$ 6,230,548</u></u>	<u><u>\$ 5,690,657</u></u>
 Liabilities		
Current liabilities	\$ 1,190,628	\$ 1,132,505
Non-current liabilities	<u>120,807</u>	<u>133,624</u>
Total liabilities	<u><u>1,311,435</u></u>	<u><u>1,266,129</u></u>
 Equity		
Share capital	1,500,000	1,500,000
Capital surplus	23,169	23,169
Retained earnings	3,482,035	2,973,527
Other equity	<u>(86,091)</u>	<u>(72,168)</u>
Total equity	<u><u>4,919,113</u></u>	<u><u>4,424,528</u></u>
 Total	<u><u>\$ 6,230,548</u></u>	<u><u>\$ 5,690,657</u></u>

Cathay Securities Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 4,618,013	\$ 3,917,534
Operating expenses	<u>(2,016,688)</u>	<u>(1,774,579)</u>
Operating profit	2,601,325	2,142,955
Non-operating income and expenses	<u>(32,348)</u>	<u>60,793</u>
Profit before income tax	2,568,977	2,203,748
Income tax expense	<u>(534,280)</u>	<u>(437,322)</u>
Net income	2,034,697	1,766,426
Other comprehensive (loss) income	<u>(7,574)</u>	<u>10,255</u>
 Total comprehensive income	 <u>\$ 2,027,123</u>	 <u>\$ 1,776,681</u>
 Basic earnings per share	 <u>\$13.56</u>	 <u>\$11.78</u>

Cathay Private Equity Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 67,760	\$ 91,914
Other non-current assets	<u>96,418</u>	<u>64,285</u>
Total	<u><u>\$ 164,178</u></u>	<u><u>\$ 156,199</u></u>
Liabilities		
Current liabilities	\$ 16,087	\$ 29,465
Other non-current liabilities	<u>1,227</u>	<u>901</u>
Total liabilities	<u><u>17,314</u></u>	<u><u>30,366</u></u>
Equity		
Share capital	150,000	150,000
Capital surplus	361	361
Retained earnings	<u>(3,497)</u>	<u>(24,528)</u>
Total equity	<u><u>146,864</u></u>	<u><u>125,833</u></u>
Total	<u><u>\$ 164,178</u></u>	<u><u>\$ 156,199</u></u>

Cathay Private Equity Co., Ltd.
Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 42,286	\$ 46,362
Operating expenses	<u>(33,600)</u>	<u>(35,636)</u>
Operating profit	8,686	10,726
Non-operating income and expenses	<u>(3,188)</u>	<u>6,609</u>
Profit before income tax	5,498	17,335
Income tax expense	<u>(1,793)</u>	<u>(2,219)</u>
Net income	<u>3,705</u>	<u>15,116</u>
 Total comprehensive income	 <u>\$ 3,705</u>	 <u>\$ 15,116</u>
 Basic earnings per share	 <u>\$0.25</u>	 <u>\$1.01</u>

Cathay Venture Inc.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30	
	2025	2024
Assets		
Current assets	\$ 841,126	\$ 719,158
Financial assets at fair value through profit or loss - non-current	6,162,101	5,202,709
Financial assets at fair value through other comprehensive income - non-current	423,121	453,521
Investments accounted for using the equity method	-	265,429
Property and equipment	1,675	2,119
Right-of-use assets	2,220	9,590
Deferred tax assets	280,848	194,413
Other non-current assets	<u>2,086</u>	<u>2,086</u>
Total	<u><u>\$ 7,713,177</u></u>	<u><u>\$ 6,849,025</u></u>
Liabilities		
Current liabilities	\$ 61,124	\$ 55,602
Non-current liabilities	<u>5,648</u>	<u>6,512</u>
Total liabilities	<u><u>66,772</u></u>	<u><u>62,114</u></u>
Equity		
Share capital	5,181,730	5,181,730
Capital surplus	576,952	576,952
Retained earnings	1,904,727	1,021,809
Other equity	<u>(17,004)</u>	<u>6,420</u>
Total equity	<u><u>7,646,405</u></u>	<u><u>6,786,911</u></u>
Total	<u><u>\$ 7,713,177</u></u>	<u><u>\$ 6,849,025</u></u>

Cathay Venture Inc.

Condensed Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Nine Months Ended September 30	
	2025	2024
Operating revenue	\$ 1,487,060	\$ 708,137
Operating costs	(33,171)	(30,682)
Operating expenses	(14,637)	(13,432)
Non-operating income and expenses	<u>10,169</u>	<u>966</u>
Profit before income tax	1,449,421	664,989
Income tax benefit	39,664	4,704
Net income	<u>1,489,085</u>	<u>669,693</u>
Other comprehensive (loss) income	(52,564)	7,710
 Total comprehensive income	 <u>\$ 1,436,521</u>	 <u>\$ 677,403</u>
 Basic earnings per share	 <u>\$2.87</u>	 <u>\$1.29</u>

b. The profitability of the Company, the Group and its insurance subsidiaries, banking subsidiaries and securities subsidiaries.

For the nine months ended September 30, 2025

Unit: %

	Return on Assets		Return on Equity		Net Income Ratio
	Before Tax	After Tax	Before Tax	After Tax	
The Group	0.59	0.53	9.06	8.26	29.99
The Company	6.78	6.79	8.37	8.38	97.21
Cathay Life	0.37	0.39	4.61	4.82	6.77
Cathay Century	4.84	4.16	17.90	15.41	12.46
Cathay United Bank	0.89	0.74	13.75	11.40	40.45
Cathay Securities	4.37	3.61	20.28	16.74	35.27

For the nine months ended September 30, 2024

Unit: %

	Return on Assets		Return on Equity		Net Income Ratio
	Before Tax	After Tax	Before Tax	After Tax	
The Group	0.95	0.79	14.20	11.88	35.81
The Company	10.10	10.01	12.11	12.02	97.32
Cathay Life	0.91	0.78	11.40	9.85	11.54
Cathay Century	4.37	3.70	15.97	13.51	10.70
Cathay United Bank	0.92	0.75	13.40	11.02	39.41
Cathay Securities	5.53	4.58	24.33	20.14	37.53

Note 1: Net income ratio = Net income/Net revenue.

Note 2: Including the profit (loss) from discontinued operations.

35. BUSINESS OR TRADING ACTIVITIES WITHIN SUBSIDIARIES

a. Integration of business activities

In order to improve the Group's competitiveness and enhance its operation synergy, the Company integrates various services, such as banking, insurance, and securities, and builds up a full-functioning financial platform; with approximately 700 operating location all over Taiwan and about 25 thousand professional salesperson, the Company provides comprehensive financial planning and one-stop shopping services to its clients.

b. Cross utilization of information

To provide diversified financial commodities and services to clients, the Company has referred to the Financial Holding Company Act, Personal Data Protection Act, Regulations for Co-selling Activities among Subsidiaries of Financial Holding Company, Self-discipline Standards for Financial Holding Company and its Subsidiaries and other related regulations issued by the FSC, to stipulate the Regulations for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, contracts for Co-selling Activities among Subsidiaries of Cathay Financial Holdings, Non-disclosure Agreement of Business Information and Customers' Personal Data among Subsidiary of Cathay Financial Holdings, Joint Statement for Security Measures of Cathay Financial Holdings and its Subsidiaries, Operation Rules of Cathay Financial Holdings Strategies Communication and Marketing Division for Monitoring Subsidiaries' Selling Activities, and Guidelines of Cathay Financial Holdings' Data Storage Management, Cathay Financial Holdings and Subsidiary Data Sharing Management Policy and the Adoption of Management Measures for Data Sharing among its Subsidiaries by providing customers with exit mechanism, the Company strives to cross-utilize clients' personal data under a legal and safe environment and provide comprehensive and integrated financial commodities and services to clients.

c. Joint business facilities and locations

In order to achieve the target of providing comprehensive financial services through one-stop shopping, the Group keep on expanding the co-selling of products across subsidiaries to the extent allowed by laws and regulations.

- 1) Aside from the insurance agency business and life insurance product promotion, Cathay United Bank has engaged in co-selling activities for securities and property insurance businesses across all branches.
- 2) Cathay Life is engaged in co-selling activities for banking and property insurance businesses across all business locations.

d. Allocation of revenues, costs, expenses, profits and losses

Revenue, costs, expenses, profits or losses arising from integrated business activities among the Company's subsidiaries are allocated to each subsidiary based on the related business features or other reasonable allocation methods.

36. SEGMENT INFORMATION

a. General information on operating segments

The Group separated operating segments based on the nature of business and classified them into five reportable segments for management purposes:

- 1) Banking operating segment: The banking operating segment is engaged in permitted businesses of commercial banks provided by the Banking Act of the Republic of China, foreign exchange business, guarantee business, advisory service of foreign currency investments, trust business, offshore banking units and other financial business of investments from returning expatriates.
- 2) Life insurance operating segments: The life insurance operating segment is engaged in traditional insurance, investment-linked insurance and interest-sensitive sales of annuity insurance and providing financial planning services and policy loan services.
- 3) Property insurance operating segment: The property insurance operating segment is engaged in fire insurance, marine insurance, land and air insurance, liability insurance, financial guarantee insurance, reinsurance and other insurance.
- 4) Securities operating segment: The securities operating segment is engaged in brokerage, dealership, and underwriting business and is dedicated to capabilities of research, development and design to provide security financial services with a variety of new financial products.
- 5) Other operating segment: Such segment includes assets, liabilities, revenue and expenditures which cannot be directly attributable to or reasonably allocated to certain operating segments.

To determine allocation of resources and performance measure, the management monitors results of each operating segment. The accounting policies for each operating segment are the same as those stated in Note 4 the summary of material accounting policy information.

b. Information of reporting segment income was as follows:

For the three months ended September 30, 2025

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 17,507,160	\$ 47,843,354	\$ 230,167	\$ 201,905	\$ (605,240)	\$ 65,177,346
Net income and gains other than interest income	3,530,190	41,438,057	3,264,612	2,966,512	2,557,178	53,756,549
Profit from operations (Provision) recovery for bad debt, commitments and guarantee reserve	21,037,350	89,281,411	3,494,779	3,168,417	1,951,938	118,933,895
Net changes in insurance liability reserve	(1,829,339)	(670,779)	11,585	(1,130)	(1,400)	(2,491,063)
Operating expenses	-	(58,829,616)	(742,952)	-	-	(59,572,568)
Profit from continuing operations before taxes	(13,896,061)	(9,368,052)	(1,279,340)	(1,501,820)	(1,769,638)	(27,814,911)
Income tax (expense) benefit	5,311,950	20,412,964	1,484,072	1,665,467	180,900	29,055,353
Net income from continuing operations	(2,347,966)	2,816,836	(147,178)	(291,420)	(94,809)	(64,537)
	2,963,984	23,229,800	1,336,894	1,374,047	86,091	28,990,816

For the three months ended September 30, 2024

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 16,181,768	\$ 50,618,473	\$ 213,371	\$ 145,827	\$ (512,878)	\$ 66,646,561
Net income and gains other than interest income	10,576,819	11,147,950	2,553,237	2,819,162	2,051,258	29,148,426
Profit from operations (Provision) recovery for bad debt, commitments and guarantee reserve	26,758,587	61,766,423	2,766,608	2,964,989	1,538,380	95,794,987
Net changes in insurance liability reserve	(2,182,281)	13,553	8,868	(887)	-	(2,160,747)
Operating expenses	-	(26,545,894)	(216,190)	-	-	(26,762,084)
Profit (loss) from continuing operations before taxes	(12,759,479)	(9,529,324)	(1,196,165)	(1,429,187)	(1,614,548)	(26,528,703)
Income tax expense	11,816,827	25,704,758	1,363,121	1,534,915	(76,168)	40,343,453
Net income (loss) from continuing operations	(2,368,724)	(5,455,505)	(187,141)	(274,645)	(367,469)	(8,653,484)
	9,448,103	20,249,253	1,175,980	1,260,270	(443,637)	31,689,969

For the nine months ended September 30, 2025

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 51,110,182	\$ 147,463,873	\$ 683,427	\$ 625,156	\$ (1,767,473)	\$ 198,115,165
Net income and gains other than interest income	31,491,362	(5,676,172)	9,338,876	7,184,392	9,325,794	51,664,252
Profit from operations	82,601,544	141,787,701	10,022,303	7,809,548	7,558,321	249,779,417
Provision for bad debt, commitments and guarantee reserve	(4,137,810)	(797,654)	(10,016)	(1,980)	(1,400)	(4,948,860)
Net changes in insurance liability reserve	-	(78,208,317)	(2,148,591)	-	-	(80,356,908)
Operating expenses	(40,365,661)	(29,102,000)	(3,926,974)	(3,882,198)	(5,009,251)	(82,286,084)
Profit from continuing operations before taxes	38,098,073	33,679,730	3,936,722	3,925,370	2,547,670	82,187,565
Income tax (expense) benefit	(7,366,290)	1,822,540	(457,577)	(648,948)	(637,861)	(7,288,136)
Net income from continuing operations	30,731,783	35,502,270	3,479,145	3,276,422	1,909,809	74,899,429

For the nine months ended September 30, 2024

Segment	Banking Division	Life Insurance Division	Property Insurance Division	Securities Division	Other Division	Total
Net interest income (loss)	\$ 45,498,881	\$ 149,551,473	\$ 590,077	\$ 497,864	\$ (1,313,824)	\$ 194,824,471
Net income and gains other than interest income	28,713,943	36,950,999	7,748,817	7,552,792	8,087,110	89,053,661
Profit from operations	74,212,824	186,502,472	8,338,894	8,050,656	6,773,286	283,878,132
(Provision) recovery for bad debt, commitments and guarantee reserve	(6,514,352)	160,248	(6,170)	(4,003)	-	(6,364,277)
Net changes in insurance liability reserve	-	(78,663,687)	(1,226,384)	-	-	(79,890,071)
Operating expenses	(36,265,591)	(28,618,430)	(3,652,908)	(3,730,977)	(4,302,831)	(76,570,737)
Profit from continuing operations before taxes	31,432,881	79,380,603	3,453,432	4,315,676	2,470,455	121,053,047
Income tax expense	(6,930,807)	(9,114,468)	(403,514)	(698,684)	(1,561,043)	(18,708,516)
Net income from continuing operations	24,502,074	70,266,135	3,049,918	3,616,992	909,412	102,344,531

Note: All intercompany transactions among the operating segments have been eliminated.

37. RISK MANAGEMENT FOR INSURANCE CONTRACTS AND FINANCIAL INSTRUMENTS

a. Cathay Life and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Objectives of risk management

Cathay Life's risk management policy aims to promote operational efficiency, ensure asset safety, increase shareholders' value, and comply with applicable domestic and overseas laws and regulations for the purpose of steady growth and sustainable management.

b) Framework, organizational structure and responsibilities of risk management

i. The board of directors

- i) The board of directors should establish appropriate risk management framework and culture, ratify appropriate risk management policy and review it regularly and allocate resources in the most effective manner.
- ii) The board of directors and senior management should consistently promote, execute risk management and keep the consistency of the operational objectives of Cathay Life as well as operational strategies and operations management.
- iii) The board of directors should review the risk appetite on a yearly basis and make adjustments as deemed appropriate.
- iv) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
- v) The board of directors should delegate authority to risk management department to deal with violation to risk limits by other departments.

ii. Risk management committee

- i) The committee should propose the risk management policies, framework and organizational functions and establish quantitative and qualitative risk management standards. The committee is also responsible for reporting on the implementing of risk management to the board of directors regularly and making necessary suggestions for improvement.
- ii) The committee should execute the risk management policies set by the board of directors and review the development, build-up and performance of overall risk management mechanisms regularly.
- iii) The committee should assist and monitor the risk management activities.
- iv) The committee should assist in reviewing the formulation of risk limits development process.
- v) The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- vi) The committee should coordinate cross-department interaction and communication.

iii. Chief risk officer

- i) The chief risk officer should maintain independence. Besides a position directly related to risk management and without conflict of interest, the chief risk officer should not hold a position in any profit center of Cathay Life.
- ii) The chief risk officer should be able to access any business information which may have an impact on risk overview of Cathay Life.
- iii) The chief risk officer should be in charge of overall risk management of Cathay Life.
- iv) The chief risk officer should participate in Cathay Life's important decision-making process and, as appropriate, provide opinions from a risk management perspective.

iv. Risk management department

- i) The department is responsible for operational affairs such as monitoring, measuring and evaluating daily risks, which should be performed independently of business units.
- ii) The department should perform the following functions with regard to different business activities:
 - Propose and execute the risk management policies set by the board of directors.
 - Propose the risk limits based on risk appetite.
 - Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.
 - Regularly present risk management reports.
 - Regularly review the risk limits of each business unit and as authorized by the board of directors, handle any violations of risk limits by the business units.
 - Assist in executing stress testing.
 - Execute back testing if necessary.
 - Other risk management related issues.

v. Business units

- i) Each business unit should assign a risk management coordinator to assist in execution of the risk management of each business unit.
- ii) The duties of the risk management include the following:
 - Identify and measure risks and report risk exposures and potential impacts on time.
 - Regularly review the risks and their limits and, in case of any excess of risk limits, report the excess of risk limits along with the corresponding actions.
 - Assist in developing the risk model and ensure that risk measurement, application of the model and the parameter settings are reasonable and consistent.

- Ensure that internal control procedures are executed effectively to comply with applicable regulations and the risk management policies.
- Assist in collecting data related to operational risk.
- Manager of a business unit is responsible for daily risk management and risk reporting of the unit, and for taking necessary actions to mitigate risks.
- Manager of a business unit should supervise the unit to submit risk management information regularly to the risk management department.

vi. Audit department

The department is responsible for the audit of each department's implementation status of risk management pursuant to the applicable laws and regulations and related rules and guidance of Cathay Life.

vii. Subsidiaries

Each subsidiary's risk management department or related unit should develop risk management policies based on the nature of its business and needs and report to Cathay Life's risk management committee to organize for future reference.

c) Range and nature of risk assessment or risk reporting

Cathay Life's risk management procedures include risk identification, risk measurement, risk control and risk reporting. Cathay Life sets its management standards for market risk, credit risk, country risk, liquidity risk, operational risk, insurance risk, asset and liability matching risk, capital adequacy, information security and personal data, emerging risk, ESG risk and reputation risk. Cathay Life also develops methods of assessment and evaluation, monitors its risks and regularly provides the risk management reports.

i. Market risk

Market risk is the risk of losses in value of Cathay Life's financial assets arising from the changes in market prices of financial instruments. Cathay Life adopts measurement indicators for market risk based on VaR and reviews regularly. In addition, Cathay Life performs back testing to ensure the accuracy of the market risk model regularly. Furthermore, Cathay Life applies scenario analysis or stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events regularly. In response to the implementation of foreign exchange valuation reserve, Cathay Life determines the ceiling of foreign exchange risk, implements warning system and monitors foreign exchange risk regularly.

ii. Credit risk

Credit risk is the risk of losses on Cathay Life's rights due to the counterparty or debtor failing to perform contractual obligations. Cathay Life applies credit rating, credit concentration and VaR for credit risk as measurement indicators which are reviewed regularly. Furthermore, Cathay Life applies scenario analysis and stress testing to evaluate the possible impacts on asset portfolio due to significant domestic and international events regularly.

iii. Country risk

Country risk is the risk that Cathay Life suffers losses from loans, financial investments and long-term investments in a specific country as a result of market price fluctuation or default of security issuers or debtors stemming from local economic, domestic, and geopolitical conditions situations. Cathay Life adopts measurement indicators for country risk, which are calculated by total investments in a certain country or specific area divided by total foreign investments or adjusted net assets. Cathay Life reviews and adjusts the indicator on a regular basis.

iv. Liquidity risk

Liquidity risk is comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that Cathay Life is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. Cathay Life has established measurement indicators of funding liquidity risk and reviews the indicators regularly. In addition, a funding reporting system has been established under which the risk management department manages funding liquidity based on the information provided by relevant business units. Furthermore, the cash flow analysis model has been applied and monitored regularly, and improvements should be made once unusual events occur. The cash flow analysis model is also applied to set the annual assets allocation plan and establish positions in liquid assets to maintain appropriate liquidity of assets. Market liquidity risk is the risk of significant changes in fair values when Cathay Life sells or offsets its positions during a market disorder or a lack of sufficient market depth. Cathay Life has established a liquidity threshold for investment positions. Each investment department evaluates the market trading volumes and adequacy of positions held according to the features and objectives of its investment positions.

v. Operational risk

Operational risk is the risk caused by improper conduct or errors of internal process, personnel, system or external issues that lead to losses. Operational risk includes legal risk but excludes strategic risk and reputation risk. Cathay Life has set the standard operating procedures based on the nature of the business and established reporting system for loss events of operation risk as well as to collect and manage information with respect to losses resulting from operational risk. To maintain Cathay Life's operation and ability to provide customer services while minimizing the losses under a major crisis, Cathay Life has established business continuity management system, emergency handling mechanism and information system damage responses.

vi. Insurance risk

Cathay Life assumes certain risks which is transferred from policyholders after the collection of premiums from policyholders, and Cathay Life may bear losses due to unexpected changes when paying claims and related expenses. This risk is involved with policy design and pricing risk, underwriting risk, reinsurance risk, catastrophe risk, claim risk and reserve-related risk.

vii. Asset and liability matching risk

This risk resulted from the differences between the changes in values of assets and those of liabilities. Cathay Life measures the risk with capital costs, duration, cash flow management and scenario analysis.

viii. Capital adequacy

Cathay Life regards RBC ratio and equity ratio as a management indicator for capital adequacy. The RBC ratio is the total capital of Cathay Life divided by its risk-based capital, as regulated under the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies. The equity ratio is Cathay Life's equity audited (or reviewed) by the auditors divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies.

ix. Risk of information security management

The risk of information security management refers to the damage resulted from confidentiality, completeness and availability of information asset, or damage caused by stealing, tampering, damaging, losing or leaking information assets. Cathay Life has an information security management policy to reduce the impact of information security incidents damage, and regularly reports to the board of directors on the overall implementation of information security and the trend of information security risks.

x. Risk of personal data

The risk of personal data management refers to the damage caused by stealing, tampering, damaging, losing or leaking personal data. Cathay Life has a personal data management policy in place to reduce the impact of information security incidents and personal data damage.

xi. Emerging risks

Emerging risks refer to risks that are not currently revealed but may arise as a result in the changes of the environment, usually due to changes in politics, regulations, markets or the natural environment. Cathay Life conducts emerging risk management operations by reference to authority organizations, benchmarking enterprise reports, regularly identifying and measuring emerging risks as well as assessing risk response and control mechanism, and reports the status of emerging risk to senior management every year, which is incorporated into the risk management business implementation report and delivered to the Risk Management Committee for deliberation.

xii. ESG risks

ESG risks include environmental (climate and nature issues), social and corporate governance risks. Climate and nature risk is part of the environmental risks of ESG risks and refers to the potential negative impact of climate changes and changes in the natural environment, including transformation risk (a wide range of risks resulting from the trend of low-carbon economy or an emphasis on sustainable development of the natural environment, including policy, legal, technology and market change risks) and physical risk (the risk of financial losses due to immediacy extreme weather events and long-term climate pattern change or degradation of natural systems). To address ESG risks, Cathay Life has established relevant risk indicators and implements management mechanisms such as risk monitoring, scenario analysis, and stress testing, while regularly preparing risk management reports.

xiii. Reputation risk

Reputation risk refers to the risk that Cathay Life's reputation may be adversely impacted due to improper behavior or negative media reports that may damage brand value and shareholders' interests. Cathay Life has established a reputation risk management policy, which includes risk assessment, adoption of countermeasures, and the implementation of procedures, such as stakeholder communication.

- d) The process of assuming, measuring, monitoring and controlling risks and the underwriting policies to determine the proper risk classification and premium levels
 - i. The process of assuming, measuring, monitoring and controlling insurance risks
 - i) Stipulate Cathay Life's insurance risk management standards including the definitions and range of risks, management structure, risk management indicators and other risk management measures.
 - ii) Establish methods to evaluate insurance risks.
 - iii) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and for developing insurance risk management strategies.
 - iv) Regularly summarize the results of implementing risk management policies and report to the risk management committee and risk management department of the Company. When an exceptional insurance risk event occurs, the related departments should propose corresponding solutions to the risk management committee of Cathay Life.
 - ii. The underwriting policies to determine proper risk classification and premium levels
 - i) Underwriters should comply with the rules of financial underwriting. For underwriting a new policy of an existing policyholders, the underwriter should consider previous information as well as the exceptional cases from the insurance notification database and total insured amounts in insurance enterprises, to check if the number of policies, the insured amounts and the premiums are reasonable and affordable according to the policyholder's financial resources and socioeconomic status and to determine if the policyholder is capable of paying renewal premiums.
 - ii) Cathay Life has set up an underwriting team to deal with controversial cases with regard to new contracts and to interpret relevant underwriting standards.
 - iii) Cathay Life has established a high-value insurance contract approval procedure to enhance risk management over large policies and avoid adverse selection and moral hazard.
- e) The scope of insurance risk assessment and management from a company-wide perspective
 - i. Insurance risk assessment covers the following risks:
 - i) Product design and pricing risk: The risk arises from improper design of products, inconsistent terms and conditions and pricing or unexpected changes.
 - ii) Underwriting risk: Unexpected losses arise from solicitation activities, underwriting and approval activities, other expenditure activities, etc.

- iii) Reinsurance risk: This risk occurs when a company fails to reinsurance the excess risk over the limits or a reinsurer fails to fulfill its obligations such that premiums, claims or expenses cannot be reimbursed.
- iv) Catastrophe risk: This risk arises from accidents which lead to considerable losses in one or more categories of insurance and the aggregate amount of such losses is huge enough to affect Cathay Life's credit rating or solvency.
- v) Claim risk: This risk arises from mishandling claims.
- vi) Reserve-related risk: This risk occurs when Cathay Life does not have sufficient reserves to fulfill its obligations owing to underestimation of its liabilities.
- ii. The scope of management of insurance risk
 - i) Develop a risk control framework of Cathay Life's insurance risk to empower related development to execute risk management.
 - ii) Establish Cathay Life's insurance risk management standards including the definitions and types of risks, management structure, risk management indicators and other risk management measures.
 - iii) Develop related response in consideration of Cathay Life's growth strategy and changes in the domestic and global economic and financial environments.
 - iv) Determine methods to measure insurance risks.
 - v) Regularly provide the insurance risk management report as a reference for monitoring insurance risk and a developing insurance risk management strategies.
 - vi) Other insurance risk management issues.
- f) The method to limit or transfer insurance risk exposure and to avoid inappropriate concentration risk

Cathay Life limits or transfers insurance risk exposure and avoids inappropriate concentration risk mainly through the reinsurance management plan which is developed considering Cathay Life's risk taking ability, risk profiling and legal issues factors to determine whether to retain or cede a policy. In order to maintain safety of risk transfer and to control the risk of reinsurance transactions, Cathay Life has established reinsurer selection standards.
- g) Asset/liability management
 - i. Cathay Life established an asset/liability management committee to improve the asset/liability management structure, ensure the application of the asset/liability management policy and review the performance from strategy and practice aspect on a regular basis to reduce all types of risks Cathay Life faces.
 - ii. Authorized departments review the measurement of asset/liability matching risk and report to the asset/liability management committee regularly and results are also reported to the risk management committee of Cathay Life. Furthermore, the annual report is delivered to the risk management division of the Company.
 - iii. When an exceptional situation occurs, the related departments should propose reactions to the asset/liability management committee, the risk management committee of Cathay Life and the risk management division of the Company.

h) The procedures to manage, monitor and control a special event for which Cathay Life is committed to assuming additional liabilities or funding addition capital

Pursuant to the applicable laws and regulations, Cathay Life's RBC ratio and equity ratio should be higher than a certain number. In order to enhance Cathay Life's capital management and to maintain a proper RBC ratio and equity ratio, Cathay Life has established a set of capital adequacy management standards as follows:

- i. Capital adequacy management
 - i) Regularly provide capital adequacy management reports and analysis to the finance department of the Company.
 - ii) Regularly provide the analysis report to the risk management committee.
 - iii) Conduct simulation analysis to figure out the use of funding, the changes of the financial environment or the amendments to applicable laws and regulations affecting RBC ratio and equity ratio.
 - iv) Regularly review RBC ratio, equity ratio and related control standards to ensure a solid capital adequacy management.
- ii. Exception management process

When RBC ratio or the net equity ratio exceeds the internal risk control criteria or other exceptions occur, Cathay Life is required to notify the risk management department and the finance department and the risk management department of Cathay Financial Holdings, and submits the capital adequacy analysis report and actions to the risk management committee and the finance department and the risk management department of Cathay Financial Holdings.

- i) Policies for hedge or mitigation of risk and monitoring procedures on continuous effectiveness of hedging instruments
 - i. Cathay Life enters into derivative transactions to reduce market risk and credit risk of the asset positions including stock index options, index futures, single stock futures, interest rate futures, IRS, forwards, CCS and credit default swaps for hedging the equity risk, interest rate risk, cash flow risk, foreign exchange risk and credit risk from Cathay Life's investments. In addition, anticipated investment hedges use bond forward contracts as hedging instruments to mitigate the risk of price fluctuations for future bond purchases caused by interest rate volatility. These are accounted for under hedge accounting, with the effective portion of the hedge classified as FVOCI, and the ineffective portion classified as FVTPL.
 - ii. Hedging instruments against risks and implementation are developed preliminarily in consideration of the risk taking abilities. Cathay Life executes hedge and exercises authorized financial instruments to adjust the overall risk level to the tolerance levels based on the market dynamics, business strategies, the characteristics of products and risk management policies.
 - iii. Cathay Life assesses and reviews the effectiveness of the hedge instruments and hedged items regularly. The assessment report is issued and reported to the board of directors or the management, which is delegated by the board of directors; meanwhile, a copy of the assessment report is delivered to the audit department for future reference.

j) The policies and procedures against the concentration of credit and investment risks

Considering the credit risk factors, Cathay Life has set up the measurement indicators for credit and investment positions by countries, industries and business groups. When the limits of credit and investments are reached or breached as a result of any increase of the credit line or investment, Cathay Life shall not grant loans or make investment in general. However, if Cathay Life has to undertake the business under certain circumstances, Cathay Life shall follow the internal regulations, including but not limited to “Guidelines for sovereign risk management”, “Guidelines for securities investment risk limit” and “Guidelines for credit and investment risk management on conglomerate and other juristic person institute”.

2) Information of insurance risk

a) Sensitivity of insurance risk - insurance contracts and financial instruments with discretionary participation features

i. Cathay Life

For the Nine Months Ended September 30, 2025					
	Scenarios	Changes in Income Before Tax	Changes in Equity		
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 2,908,069	Decrease (increase)	\$ 2,326,455
Expense	×1.05 (×0.95)	Decrease (increase)	2,801,189	Decrease (increase)	2,240,952
Surrender rate	×1.05 (×0.95)	Increase (decrease)	615,525	Increase (decrease)	492,420
Rate of return	+0.1%	Increase	5,763,318	Increase	4,610,655
Rate of return	-0.1%	Decrease	5,767,598	Decrease	4,614,078

For the Nine Months Ended September 30, 2024					
	Scenarios	Changes in Income Before Tax	Changes in Equity		
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 2,797,132	Decrease (increase)	\$ 2,237,706
Expense	×1.05 (×0.95)	Decrease (increase)	2,525,582	Decrease (increase)	2,020,466
Surrender rate	×1.05 (×0.95)	Increase (decrease)	409,738	Increase (decrease)	327,791
Rate of return	+0.1%	Increase	5,587,843	Increase	4,470,274
Rate of return	-0.1%	Decrease	5,591,969	Decrease	4,473,575

ii. Cathay Lujiazui Life

For the Nine Months Ended September 30, 2025					
	Scenarios	Changes in Income Before Tax	Changes in Equity		
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	\$ 125,658	Decrease (increase)	\$ 94,244
Expense	×1.05 (×0.95)	Decrease (increase)	94,690	Decrease (increase)	71,017
Surrender rate	×1.10 (×0.90)	Increase (decrease)	40,152	Increase (decrease)	30,114
Rate of return	+0.25%	Increase	(1,469,158)	Increase	(1,101,868)
Rate of return	-0.25%	Decrease	2,301,998	Decrease	1,726,499

For the Nine Months Ended September 30, 2024					
	Scenarios	Changes in Income Before Tax	Changes in Equity		
Life table/morbidity	×1.10 (×0.90)	Decrease (increase)	\$ 127,039	Decrease (increase)	\$ 95,279
Expense	×1.05 (×0.95)	Decrease (increase)	90,806	Decrease (increase)	68,105
Surrender rate	×1.10 (×0.90)	Increase (decrease)	45,029	Increase (decrease)	33,772
Rate of return	+0.25%	Increase	314,937	Increase	236,203
Rate of return	-0.25%	Decrease	315,710	Decrease	236,782

iii. Cathay Life (Vietnam)

For the Nine Months Ended September 30, 2025					
	Scenarios	Changes in Income Before Tax	Changes in Equity		
Life table/morbidity	×1.05 (×0.95)	Decrease (increase)	\$ 8,757	Decrease (increase)	\$ 7,005
Expense	×1.05 (×0.95)	Decrease (increase)	48,844	Decrease (increase)	39,075
Surrender rate	×1.05 (×0.95)	Increase (decrease)	20,368	Increase (decrease)	16,294
Rate of return	+0.1%	Increase	30,222	Increase	24,177
Rate of return	-0.1%	Decrease	30,244	Decrease	24,195

For the Nine Months Ended September 30, 2024					
	Scenarios	Changes in Income Before Tax		Changes in Equity	
Life table/morbidity	$\times 1.05 (\times 0.95)$	Decrease (increase)	\$ 7,250	Decrease (increase)	\$ 5,800
Expense	$\times 1.05 (\times 0.95)$	Decrease (increase)	59,197	Decrease (increase)	47,357
Surrender rate	$\times 1.05 (\times 0.95)$	Increase (decrease)	23,741	Increase (decrease)	18,993
Rate of return	+0.1%	Increase	29,311	Increase	23,448
Rate of return	-0.1%	Decrease	29,332	Decrease	23,466

- i) Changes in income before tax listed above referred to the effects of income before tax for the nine months ended September 30, 2025 and 2024. The changes in equity of Cathay Life, Cathay Lujiazui Life and Cathay Life (Vietnam) were assumed that the income tax was calculated at rates of 20%, 25% and 20% of pre-tax income, respectively.
- ii) As an increase (decrease) of 0.1% in discount rates is applied to the liability adequacy test, the result of the test is still adequate for Cathay Life and its subsidiaries and there is no impact on income before tax and equity. However, if the discount rate keeps declining significantly, income before tax and equity may be affected.
- iii) Sensitivity test
 - Mortality/morbidity sensitivity test is executed by multiplying the mortality rate, and the morbidity rate of injury insurance by changes in scenarios, resulting in the corresponding changes in income before tax.
 - Expense sensitivity test is executed by multiplying all expense items listed in statements of comprehensive income (Note 1) by changes in scenarios, resulting in the corresponding changes in income before tax.
 - Surrender rate sensitivity test is executed by multiplying surrender rate by changes in scenarios, resulting in the corresponding changes in income before tax.
 - Rate of return sensitivity test is executed by adjusting the rate of return (Note 2) to increase (decrease) by changes in scenarios, resulting in the corresponding changes in income before tax.

Note 1: Expense items includes underwriting expenses, commission expenses, other operating costs as well as general expenses, administration expenses, employee training expenses of operating expenses, and expected credit impairment losses and gains on reversal from non-investments.

Note 2: Rate of return is calculated as follows (to be annualized):

$$2 \times (\text{Net investment} - \text{Finance costs}) / (\text{The beginning balance of available funds} + \text{The ending balance of available funds} - \text{net incomes (losses) on investment} + \text{Finance costs}).$$

b) Concentration of insurance risks

Cathay Life's insurance business is mainly from the R.O.C., and all the insurance policies have similar risk exposure; for example, the risk exposure to the unexpected changes in trend (mortality, morbidity, and surrender rate) or the risk exposure to multiple insurance contracts caused by a single incident (for example, simultaneous risk exposure to life insurance, health insurance, and casualty insurance caused by an earthquake). Cathay Life reduces risk exposure not only by monitoring risks consistently, but also by arranging reinsurance contracts.

In principle, Cathay Life performs an evaluation on the retained risks by considering the risk characteristics and its risk bearing capacity, which is submitted for approval by authority, and engages in reinsurance business for the excess of risks over the retained. At the same time, Cathay Life considers unexpected human and natural disasters in each year to estimate the reasonable maximum of losses based on the retained risks and determines according to the risk characteristics and its bearing capacity whether to adjust the reinsured amount or purchase catastrophe reinsurance. Therefore, the insurance risks to some extent are diversified to reduce the potential impact on unexpected losses.

Furthermore, according to Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, special reserve for catastrophic events should be provided for huge claims and payments due to future catastrophic events, and special reserve for fluctuation of risk should be provided for abnormal changes in loss ratio and claims of each insurance type. The annual increase of special reserve for catastrophic events and fluctuation of risks should be recorded in special reserve of equity, net of tax in accordance with IAS 12.

c) Claim development trend

i. Cathay Life

ii) Direct business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2018Q4-2019Q3	20,942,916	25,825,875	26,287,766	26,412,875	26,497,651	26,531,600	26,568,496	-	-
2019Q4-2020Q3	21,412,870	26,322,532	26,851,490	26,977,995	27,053,264	27,132,115	27,172,001	39,886	39,965
2020Q4-2021Q3	20,006,234	24,836,402	25,353,181	25,470,651	25,578,429	25,628,548	25,661,437	83,008	83,174
2021Q4-2022Q3	21,104,749	26,535,112	27,028,312	27,130,357	27,218,956	27,269,582	27,300,830	170,473	170,814
2022Q4-2023Q3	23,834,451	29,464,726	30,018,022	30,145,650	30,241,978	30,296,499	30,329,285	311,263	311,885
2023Q4-2024Q3	25,307,151	31,308,514	31,893,525	32,028,139	32,129,672	32,186,071	32,218,846	910,332	912,153
2024Q4-2025Q3	26,912,596	33,303,687	33,930,249	34,073,580	34,181,913	34,241,555	34,275,795	7,363,199	7,377,926
Expected future payments								\$ 8,895,917	
Add: Assumed reserve for claims not yet filed								<u>11,863</u>	
Reserve for claims not yet filed								8,907,780	
Add: Claims filed but not yet paid								<u>5,875,081</u>	
Loss reserve balance								<u>\$ 14,782,861</u>	

ii) Retained business development trend

Accident Year	Development Year							Claims Not Yet Filed	Reserve for Claims Not Yet Filed
	1	2	3	4	5	6	7		
2018Q4-2019Q3	20,989,039	25,880,050	26,343,295	26,468,868	26,553,894	26,588,037	26,624,997	-	-
2019Q4-2020Q3	21,443,602	26,364,071	26,895,783	27,022,610	27,098,273	27,177,217	27,217,156	39,939	40,019
2020Q4-2021Q3	20,051,007	24,895,495	25,413,963	25,531,946	25,640,037	25,690,335	25,723,298	83,261	83,428
2021Q4-2022Q3	21,197,795	26,643,509	27,139,249	27,241,531	27,330,775	27,381,714	27,413,091	171,560	171,903
2022Q4-2023Q3	23,871,462	29,526,548	30,081,341	30,209,329	30,306,035	30,360,739	30,393,601	312,260	312,885
2023Q4-2024Q3	25,352,607	31,370,584	31,957,503	32,092,480	32,194,395	32,250,980	32,283,832	913,248	915,074
2024Q4-2025Q3	26,930,073	33,326,620	33,953,886	34,097,352	34,205,826	34,265,536	34,299,805	7,369,732	7,384,471
Expected future payments								\$ 8,907,780	
Add: Claims filed but not yet paid								<u>5,853,480</u>	
Retained loss reserve balance								<u>\$ 14,761,260</u>	

Note: Retained business equals direct business plus assumed reinsurance less ceded reinsurance business.

In accordance with Jin Guan Bao Shou No. 10402133590 issued on December 22, 2015 by the FSC, reserve for claims not yet filed is provided as claims filed and adjusted for related expenses; reserve for claims filed but not yet paid was provided on a case-by-case basis. The loss reserve is the sum of the above reserve, and due to uncertainty, estimation, and judgment, there is a high degree of complexity in the provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to Cathay Life may be delayed in certain cases, and estimates of the payments for cases not yet filed are involved with a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based

upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in the specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in the specific accident year. The circumstances and trends affecting the provision of loss reserve in current year may differ in the future; therefore, the expected future payments cannot be determined by this table.

ii. Cathay Lujiazui Life

i) Direct business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2018Q4-2019Q3	354,067	501,597	677,834	677,834	677,834	677,834	677,834	-
2019Q4-2020Q3	370,409	524,744	760,497	760,497	760,497	760,497	760,497	-
2020Q4-2021Q3	414,781	587,607	821,040	821,040	821,040	821,040	821,040	-
2021Q4-2022Q3	406,277	582,330	786,932	786,932	786,932	786,932	786,932	-
2022Q4-2023Q3	650,035	931,717	1,301,852	1,301,852	1,301,852	1,301,852	1,301,852	-
2023Q4-2024Q3	714,457	1,024,054	1,423,515	1,423,515	1,423,515	1,423,515	1,423,515	399,461
2024Q4-2025Q3	938,074	1,338,452	1,860,551	1,860,551	1,860,551	1,860,551	1,860,551	922,477
Expected future payments								\$ 1,321,938
Less: Assumed reserve for claims not yet filed								(829,504)
Reserve for claims not yet filed								492,434
Add: Claims filed but not yet paid								9,801
Loss reserve balance								\$ 502,235

ii) Retained business development trend

Accident Year	Development Year							Expected Future Payment
	1	2	3	4	5	6	7	
2018Q4-2019Q3	390,769	721,124	1,015,666	1,015,666	1,015,666	1,015,666	1,015,666	-
2019Q4-2020Q3	382,735	542,211	797,371	797,371	797,371	797,371	797,371	-
2020Q4-2021Q3	431,568	582,617	787,320	787,320	787,320	787,320	787,320	-
2021Q4-2022Q3	424,510	570,653	771,153	771,153	771,153	771,153	771,153	-
2022Q4-2023Q3	661,286	936,821	1,338,316	1,338,316	1,338,316	1,338,316	1,338,316	-
2023Q4-2024Q3	722,340	927,003	1,301,958	1,301,958	1,301,958	1,301,958	1,301,958	374,955
2024Q4-2025Q3	945,512	1,343,152	1,886,433	1,886,433	1,886,433	1,886,433	1,886,433	940,921
Expected future payments								\$ 1,315,876
Less: Expected claims filed but not yet paid								(829,504)
Add: Claims filed but not yet paid								8,199
Retained loss reserve balance								\$ 494,571

Note: Retained business equals direct business plus assumed reinsurance less ceded reinsurance business.

Cathay Lujiazui Life provides loss reserve for claims filed but not paid and claims not yet filed. Due to uncertainty, estimation, and judgment, there is a high degree of complexity in provision of loss reserve. Any changes in the estimation or judgment are treated as changes in accounting estimates and the impacts of the changes are recognized as profit or loss as incurred. Notification to Cathay Lujiazui Life may be delayed in certain cases, and estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments. The loss reserve is estimated based upon the currently available information; however, the final results may deviate from the original estimates because of the subsequent conditions of the cases.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in a specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in a specific accident year. The circumstances and trends affecting the provision of loss reserve in current year may differ in the future; therefore, the expected future payments cannot be determined by this table.

iii. Cathay Life (Vietnam)

Direct business loss development trend (same as retained business development trend)

i) Direct business development trend

Accident Year	Development Year				
	1	2	3	4	5
2020Q4-2021Q3	31,268	38,167	38,173	38,176	38,176
2021Q4-2022Q3	50,407	60,335	60,341	60,458	60,458
2022Q4-2023Q3	81,978	94,288	94,288	94,380	94,380
2023Q4-2024Q3	77,500	89,558	89,586	89,673	89,673
2024Q4-2025Q3	72,662	84,923	84,950	85,033	85,033

ii) Retained business development trend

Accident Year	Development Year				
	1	2	3	4	5
2020Q4-2021Q3	31,268	38,167	38,173	38,176	38,176
2021Q4-2022Q3	50,407	60,335	60,341	60,458	60,458
2022Q4-2023Q3	81,978	94,288	94,288	94,380	94,380
2023Q4-2024Q3	77,500	89,558	89,586	89,673	89,673
2024Q4-2025Q3	72,662	84,923	84,950	85,033	85,033

Cathay Life (Vietnam) provides loss reserve for claims filed but not paid and claims not yet filed. Reserve for claims not yet filed is estimated by multiplying the loss ratio of earned premiums by loss ratio based upon the past loss experiences instead of loss triangle method, which was approved by local authorities in Vietnam; therefore, provision for loss reserve is not determined by the above table. Estimates of the payments for cases not yet filed involved a large volume of past experiences and subjective judgment; therefore, it is unable to confirm that the loss reserve on the balance sheet date will be equal to the final settlements of claims and payments.

The above table shows the development trend of claim payments. The accident year is the year when the insurance events occurred; the x-axis is the year of the development for the cases; the amounts above the diagonal line represent the cases in a specific accident year the corresponding accumulated claims and payments and claims filed but not yet paid at the end of the year for the cases in a specific accident year; the amounts below the diagonal line represent the estimates of corresponding accumulated developments for the cases in a specific accident year.

3) Credit risk, liquidity risk, and market risk for insurance contracts

a) Credit risk

The credit risk of the insurance contracts occurs as the reinsurers fail to perform the obligations of reinsurance contracts, which may result in impairment losses on reinsurance assets.

Due to the nature of reinsurance market and the regulations on qualified reinsurers, the insurers in Taiwan sustain certain degree of credit risk concentration of reinsurers. To reduce this risk, Cathay Life chooses the reinsurance counterparty, reviews its credit rating periodically, monitors and controls the risk of reinsurance transactions properly in accordance with Cathay Life's Reinsurance Risk Management Plan and Evaluation Standards for Reinsurers.

The credit ratings of Cathay Life's reinsurers are above a certain level, complying with Cathay Life's internal rules and relevant legal requirements in Taiwan. Furthermore, reinsurance assets are relatively immaterial to the Company's total assets; therefore, no significant credit risk exists.

b) Liquidity risk

The table below is the analysis of the net (undiscounted) cash flow of insurance contracts and of financial instruments with discretionary participation features. The figures shown in this table are the estimated amount of the total insurance payments and expenses of valid insurance contracts in the future deducting total premium on the balance sheet date. The actual future payment amounts may differ due to the difference between the result and expected amount.

Unit: In 100 Millions of NTD

Insurance Contracts and Financial Instruments with Discretionary Participation Features			
	Within 1 Year	1 to 5 Years	Over 5 Years
September 30, 2025	\$ 711	\$ 5,347	\$ 187,796
December 31, 2024	468	4,380	192,692
September 30, 2024	592	4,423	190,826

Note: Separate account products were not included.

c) Market risk

Cathay Life measures insurance liabilities by the discounted rates required by the authorities. The authorities regularly review the assumption of the discount rate for policy reserves; however, the change of the assumption may not be at the same time, in the same direction of change with the market price and interest rate, and only applied to new contracts. Therefore, the impacts of those possible changes in market risk on the provision of policy reserve for Cathay Life's valid insurance contracts are considered minor to profit or loss or equity. When the authorities change the discount rate assumption in a reasonably possible manner with remote possibility as current assessment, it will have an impact in a range on profit or loss or equity depending upon the level of the change and the overall product portfolio of Cathay Life. Furthermore, the reasonably possible change in the market risk may have impact on the future cash flows of insurance contracts and financial instruments with discretionary participation features, which are estimated based on available information at the balance sheet date and are used for assessing the adequacy of recognized insurance liabilities. Based on the reasonably possible changes in current market risk, it has little impact on the adequacy of recognized insurance liabilities.

b. Cathay Century and its subsidiaries

1) Risk management objectives, policies, procedures and methods:

a) Framework, organizational structure and responsibilities

i. Board of directors

- i) The board of directors should be aware of the risks arising from operations, ensure the effectiveness of risk management and bear the ultimate responsibility for overall risk management.
- ii) The board of directors should establish an appropriate risk management framework and culture, ratify the appropriate risk management policy and allocate resources in the most effective manner.
- iii) The board of directors should consider the effect of the aggregated risks from Cathay Century's overall perspective; the board of directors should also follow the legal capital requirement and the relevant financial or business operating regulations that affect capital allocation.

ii. Risk management department

i) Risk management committee

- The committee should propose the risk management policies, framework, and organization functions and establish quantitative and qualitative management standards. The committee is also responsible for reporting the results of implementing risk management to the board of directors regularly, and making necessary suggestions for improvement.
- The committee should execute the risk management policies set by the board of directors and review development, build-up and performance of overall management mechanisms regularly.
- The committee should assist and monitor the risk management activities performed by each department.
- The committee should assist in deliberating related procedures for formulating risk limits.
- The committee should adjust the risk category, risk limit allocation and risk taking according to the changes in environment.
- The committee should coordinate cross-department interaction and communication.

ii) Chief risk officer

The appointment of chief risk officers of Cathay Century and its subsidiaries should be approved by the board of directors, who should maintain independence and should not concurrently play a business or financial role nor has the right to access any information which may affect Cathay Century and its subsidiaries' risk overview.

- The chief risk officer should be in charge of the overall risk management.

- The chief risk officer should participate in the important decision making process and provide appropriate suggestions from a risk management perspective.
- The chief risk officer should be a member of the risk management committee.

iii) Risk management department

Cathay Century and its subsidiaries established a risk management department, which is responsible for monitoring, measuring and evaluating major risks, performed independently of business units.

Duties of risk management department are as follows:

- Propose and execute the risk management policies set by the board of directors.
- Propose the risk limits based on risk appetite.
- Summarize the risk information provided by each department, coordinate and communicate with each department to facilitate the execution of the policies and the risk limits.
- Regularly present risk management reports.
- Regularly review the risk limits and its use of each business unit.
- Assist in executing stress testing and back testing if necessary.
- Other risk management related issues.

iii. Business unit

i) The risk management duties of the manager of a business unit are as follows:

- Manage and report daily risk of the business unit and take necessary responsive actions.
- Supervise regular submission of risk management information to the risk management department.

ii) The risk management duties of a business unit are as follows:

- Identify and measure risks and report risk exposures and impacts.
- Regularly review various risks and their corresponding limits to ensure the effective implementation of risk limit policies within each business unit.
- Monitor risk exposures and report any breaches of risk limits, including the remedial actions taken by the respective business units.
- Assist in developing the risk model and ensure that the risk measurement, application of model, and the parameter settings are reasonable and consistent.
- Ensure that internal control procedures are executed effectively to comply with applicable rules and risk management policies of Cathay Century.
- Assist in collecting data related to operational risk.

iv. Audit department

The department is responsible for the audit of each department's performance of risk management pursuant to the applicable laws and regulations and related rules and guidance of Cathay Century.

b) Risk reporting and the scope and nature of risk assessment for property insurance business

i. Risk management reports

- i) Each business unit should regularly deliver risk information to the risk management department, and report the excess of risk limits and responding measures when risk exposure exceeds the limit.
- ii) The risk management department summarizes the risk information provided by each department, tracks the uses of major risk limit, submits a monthly risk management report to the chairman, and makes quarterly report to the risk management committee and the board of directors.

ii. The scope and nature of risk assessment

The risk management department of Cathay Century and its subsidiaries and the Company collaborated in building the market risk management system. The system structure was developed in consideration of the system functionality, data source, completeness of data upload, and the safety of the environment of the system. The front-end of investment department has acquired the information system related to the investment market. The risk management system focuses on risk quantification, which is needed by middle-end, and would be only authorized to risk management personnel.

c) Processes to undertake, evaluate, supervise and control insurance risk of property insurance business and underwriting policies to ensure proper risk classification and premium level

In Cathay Century and its subsidiaries, risk management department is responsible for monitoring and integrating insurance risks as a whole, and setting up risk indicators, risk limit, and managing mechanism. Each related department is the execution unit of insurance risk control and regularly reports execution to risk management department in accordance with laws and regulations, internal rules, and professional knowledge and experience related to its duties. The risk management department proposes the insurance risk management report to the risk management committee and the board of directors each quarter.

d) The scope of insurance risk assessment and management from a company-wide perspective

Insurance risk management of Cathay Century and its subsidiaries covers product design and pricing, underwriting, reinsurance, catastrophe, claim, and reserve. Proper management mechanisms are set up and executed thoroughly.

e) Methods to limit insurance risk exposure and avoid inappropriate concentration risk

When Cathay Century and its subsidiaries implement business, the underwriter evaluates the quality of the business based on the underwriting criteria of each insurance to decide whether to undertake the business to properly hedge and control the risk and reduce the exposure.

In addition, for reinsurance business, risk management mechanism is set up in accordance with the Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms. The capabilities for undertaking risk are considered in developing the reinsurance risk management plan and the maximum of accumulated retained risks of each risk unit and each individual risk event for execution.

Accumulated risk with the portfolio of direct written premiums and other inward-insurance business is conducted before an individual case of outward/inward reinsurance is executed. When the cumulative insurance amount exceeds contract limit or self-retain limit, risk is diversified through facultative reinsurance.

According to Cathay Century and its subsidiaries' reinsurance risk management policy, the basis for managing the maximum accumulated risk limit of each risk unit requires the risk management and each insurance department to jointly review and discuss the accumulated retained risk limit of a risk unit for each insurance type every year, which is submitted to the general manager for approval before implementation. The following table summarizes the maximum accumulated retained risk limit of a risk unit by insurance type:

Insurance Type	For the Year Ended December 31	
	2025	2024
Fire insurance	\$ 1,200,000	\$ 1,200,000
Marine insurance	1,200,000	1,200,000
Engineering insurance	1,200,000	1,200,000
Miscellaneous insurance/liability insurance	1,200,000	1,200,000
Healthy and accident insurance	1,200,000	1,200,000
Automobile insurance	50,000	50,000
Liability insurance	250,000	250,000

f) Asset-liability management

i. Asset-liability coordinated with risk identification and measurement

Financial accounting and actuarial department should identify the possible market risk, liquidity risk and insurance risk that may occur during operation. The cash inflows from assets are measured by cash flow test method (or other method) to evaluate whether the amount of inflows is sufficient to cover the cash outflow for liabilities, that is, whether the asset allocation has reasonable liquidity to pay liabilities for expenditures in future years.

ii. Asset-liability coordinated with risk response

When market risk, liquidity risk and insurance risk events occur, financial, accounting and actuarial service department should take appropriate reactions to coordinate asset-liability risk, and report to the risk management department and propose to the risk management committee evaluation of the risk.

g) Procedures to manage, monitor and control a special event for which property insurance business is committed to assuming additional liabilities or raising additional capital

Cathay Century and its subsidiaries have established a set of capital adequacy management standards, including RBC management indicators for regular review, under which RBC is calculated each quarter and RBC management report is prepared every half year as implementation of RBC management.

If the risk-based capital ratio exceeds the control criteria (risk limit) or other exceptions occur, the related departments should propose a response to the risk management committee and inform the Company to review the impact on the Group's risk-based capital.

2) Liability on policyholders' claims filed and losses not yet filed

Claims and payments recoverable for policyholders' claims filed and paid

Insurance Type	Claims Filed and Paid		
	September 30, 2025	December 31, 2024	September 30, 2024
Fire insurance	\$ 51,176	\$ 155,589	\$ 260,133
Marine insurance	38,889	47,866	40,991
Land and air insurance	88,961	98,878	89,912
Liability insurance	38,776	85,357	28,220
Guarantee insurance	66	166	280
Other property insurance	68,368	64,031	35,479
Accident insurance	21,121	66,953	37,367
Health insurance	-	48	16
Policy-oriented residential earthquake insurance	-	-	4,300
Compulsory automobile liability insurance	<u>156,860</u> 464,217	<u>153,164</u> 672,052	<u>77,617</u> 574,315
Less: Loss allowance	<u>(4,642)</u>	<u>(6,721)</u>	<u>(5,743)</u>
Net amount	<u>\$ 459,575</u>	<u>\$ 665,331</u>	<u>\$ 568,572</u>

3) Receivables and payables of insurance contracts

a) Receivables

Insurance Type	Premiums Receivable		
	September 30, 2025	December 31, 2024	September 30, 2024
Fire insurance	\$ 1,307,050	\$ 1,273,543	\$ 1,265,414
Marine insurance	543,226	399,441	471,556
Land and air insurance	168,368	184,170	189,382
Liability insurance	475,586	151,132	505,104
Guarantee insurance	27,926	26,554	24,523
Other property insurance	633,671	515,376	491,333
Accident insurance	140,387	137,054	132,584
Health insurance	6,375	4,319	2,661
Policy-oriented residential earthquake insurance	31,363	33,802	31,681
Compulsory automobile liability insurance	<u>14,928</u> 3,348,880	<u>19,129</u> 2,744,520	<u>12,531</u> 3,126,769
Less: Loss allowance	<u>(43,802)</u>	<u>(36,113)</u>	<u>(42,252)</u>
Net amount	<u>\$ 3,305,078</u>	<u>\$ 2,708,407</u>	<u>\$ 3,084,517</u>

Aging analysis of premiums receivable:

	September 30, 2025	December 31, 2024	September 30, 2024
Up to 90 days	\$ 2,301,003	\$ 1,839,072	\$ 2,079,545
Over 90 days	<u>1,047,877</u>	<u>905,448</u>	<u>1,047,224</u>
	<u><u>\$ 3,348,880</u></u>	<u><u>\$ 2,744,520</u></u>	<u><u>\$ 3,126,769</u></u>

The overdue amounts as of September 30, 2025, December 31, 2024 and September 30, 2024 in the above premiums receivable were \$1,047,877 thousand, \$905,448 thousand and \$1,047,224 thousand, respectively, and loss allowance of \$20,958 thousand, \$18,109 thousand and \$20,944 thousand were provided, respectively.

b) Accounts payables

Insurance Type	September 30, 2025		
	Commission Payable	Others	Total
Fire insurance	\$ 66,820	\$ 16,228	\$ 83,048
Marine insurance	23,835	14,535	38,370
Land and air insurance	333,377	142,380	475,757
Liability insurance	31,992	41,720	73,712
Guarantee insurance	5,486	708	6,194
Other property insurance	13,318	12,499	25,817
Accident insurance	9,701	55,903	65,604
Health insurance	661	6,505	7,166
Policy-oriented residential earthquake insurance	344	3,536	3,880
Compulsory automobile liability insurance	<u>18,515</u>	<u>-</u>	<u>18,515</u>
	<u><u>\$ 504,049</u></u>	<u><u>\$ 294,014</u></u>	<u><u>\$ 798,063</u></u>

Insurance Type	December 31, 2024		
	Commission Payable	Others	Total
Fire insurance	\$ 38,242	\$ 15,142	\$ 53,384
Marine insurance	17,081	13,408	30,489
Land and air insurance	331,973	155,926	487,899
Liability insurance	32,631	44,708	77,339
Guarantee insurance	2,076	739	2,815
Other property insurance	17,257	14,887	32,144
Accident insurance	9,237	48,926	58,163
Health insurance	482	3,574	4,056
Policy-oriented residential earthquake insurance	329	3,706	4,035
Compulsory automobile liability insurance	<u>21,987</u>	<u>-</u>	<u>21,987</u>
	<u><u>\$ 471,295</u></u>	<u><u>\$ 301,016</u></u>	<u><u>\$ 772,311</u></u>

September 30, 2024

Insurance Type	Commission Payable	Others	Total
Fire insurance	\$ 72,338	\$ 15,120	\$ 87,458
Marine insurance	17,969	15,386	33,355
Land and air insurance	308,118	149,519	457,637
Liability insurance	29,502	41,714	71,216
Guarantee insurance	2,008	922	2,930
Other property insurance	16,616	12,453	29,069
Accident insurance	10,285	55,307	65,592
Health insurance	664	4,976	5,640
Policy-oriented residential earthquake insurance	322	3,467	3,789
Compulsory automobile liability insurance	<u>19,239</u>	<u>-</u>	<u>19,239</u>
	<u><u>\$ 477,061</u></u>	<u><u>\$ 298,864</u></u>	<u><u>\$ 775,925</u></u>

c) Due from (to) reinsurers and ceding companies - reinsurance

September 30, 2025			
Items	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies	
AON	\$ 47,317	\$ 254,968	
Central Re	14,216	139,314	
Marsh	267,953	313,932	
Munich Re	248,368	235,450	
Swiss Re	55,486	317,548	
Non-Life Insurance Association of the R.O.C.	142,350	350,235	
Others (individually below 5%)	<u>1,740,640</u>	<u>1,042,472</u>	
	<u>2,516,330</u>	<u>2,653,919</u>	
Less: Loss allowance	<u>(312,895)</u>	<u>-</u>	
Net amount	<u><u>\$ 2,203,435</u></u>	<u><u>\$ 2,653,919</u></u>	

Items	December 31, 2024	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
AON	\$ 63,382	\$ 108,743
Central Re	11,847	160,704
Guy Carpenter	200,776	111,874
Hannover Re Shanghai	200,397	51,145
Marsh	1,199,228	142,554
Swiss Re	39,636	271,859
Gallagher Re	142,430	380,486
Non-Life Insurance Association of the R.O.C.	47,380	115,808
Others (individually below 5%)	<u>295,138</u>	<u>746,913</u>
	2,200,214	2,090,086
Less: Loss allowance	<u>(308,474)</u>	<u>-</u>
Net amount	<u>\$ 1,891,740</u>	<u>\$ 2,090,086</u>

Items	September 30, 2024	
	Due from Reinsurers and Ceding Companies	Due to Reinsurers and Ceding Companies
Central Re	\$ 8,922	\$ 161,896
Hannover Re Shanghai	200,416	49,824
Leed	1,351,389	289,511
Marsh	133,953	8,991
Munich Re	36,481	235,221
RKH	129,198	181,576
Non-Life Insurance Association of the R.O.C.	132,065	370,881
Others (individually below 5%)	<u>424,360</u>	<u>1,387,696</u>
	2,416,784	2,685,596
Less: Loss allowance	<u>(192,468)</u>	<u>-</u>
Net amount	<u>\$ 2,224,316</u>	<u>\$ 2,685,596</u>

The overdue amounts as of September 30, 2025, December 31, 2024 and September 30, 2024 in the above due from reinsurers and ceding companies were \$1,256,553 thousand, \$1,225,883 thousand and \$1,239,613 thousand, respectively, and loss allowances of \$300,225 thousand, \$298,409 thousand and \$180,488 thousand were provided, respectively.

Due from and due to the reinsurers and ceding companies cannot be offset, except for those meeting requirements in Article 42 of IAS 32.

4) Reserve required for specific assets

The accounting of the compulsory automobile liability insurance (“CAL Insurance”) held by Cathay Century is based on Article 4 of the Regulations for the Accounting Treatment and the Financial Information Reported of Compulsory Automobile Liability Insurance, which was legislated according to Article 47, Paragraph 3 of the Compulsory Automobile Liability Insurance Act.

Under Article 5 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, for the special reserve set aside for CAL Insurance, the insurer should purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- a) Government bonds, not including exchangeable government bonds.
- b) Financial bonds, negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

The amount of treasury bills purchased or time deposits placed in a financial institution under the preceding paragraph shall not be less than 30% of the total amount of the insurer's retained earned pure premiums for CAL Insurance in the most recent period, as audited or reviewed by a certified public accountant. The competent authority may raise that percentage to a level it deems appropriate based on the insurer's operational status.

If the balance of the Cathay Century's special reserve becomes less than the 30% of its most recent retained earned pure premiums, as audited or reviewed by an independent certified public accountant, the full amount of the special reserve should be invested in treasury bills or placed in a financial institution.

Under Article 6 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, funds, except for special reserve mentioned above, held by an insurer for this insurance (various reserve, payables and temporary receivable) should be deposited in a financial institution as special reserve in the form of demand deposits and time deposits:

- a) Treasury bills.
- b) Negotiable certificates of deposit, banker's acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds under repurchase agreement.

The amount of demand deposits placed in financial institutions, which are mentioned in the preceding paragraph, should not be less than (a) 45% of the remaining balance of the funds after subtracting the special reserves from the funds held by Cathay Century due to the operation of CAL Insurance, and less than (b) 30% of the retained earned pure premiums for the most recent period as audited or reviewed by an independent certified public accountant. The relevant authorities may raise the percentage of demand deposits required for Cathay Century to a level they deem appropriate on the basis of Cathay Century's operating status.

If the total amount of unearned premium reserve and loss reserve of Cathay Century for the CAL Insurance is less than 30% of the retained earned pure premiums of this insurance for the most recent period as audited or reviewed by an independent certified public accountant, the funds held by Cathay Century through its provision of this insurance should be deposited in full in a financial institution in the form of demand deposits.

Under Article 11 of the Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance, the various reserves for this insurance should be transferred to the various reserves set aside for handling this insurance by the other insurer or other property and casualty insurance company if the Group suspends its business operations or ceases to provide this type of insurance. The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if no other insurance company can sustain this insurance business and the liability of this insurance has been settled with a positive balance in the various reserves.

The various reserves for this insurance should be transferred to the Motor Vehicle Accident Compensation Fund if (a) the Group has been duly ordered to suspend business and undergo rehabilitation or ordered to dissolve, or (b) its permission to operate this insurance business has been revoked, and no other insurance company can sustain this insurance business and the liability of this insurance has been settled with a positive balance in the various reserves.

5) Acquisition cost of insurance contracts

Insurance Type	For the Three Months Ended September 30, 2025					
	Commission Expenses	Service Fee Charge	Reinsurance			
			Commission Expenses	Others	Total	
Fire insurance	\$ 62,825	\$ 708	\$ 95	\$ 8,965	\$ 72,593	
Marine insurance	29,216	32	226	819	30,293	
Land and air insurance	450,153	-	12	165,565	615,730	
Liability insurance	84,077	-	1,062	14,926	100,065	
Guarantee insurance	2,256	1	43	282	2,582	
Other property insurance	33,960	145	4,126	2,145	40,376	
Accident insurance	143,022	-	(149)	52,754	195,627	
Health insurance	18,703	-	-	6,492	25,195	
Policy-oriented residential earthquake insurance	2,952	6	-	3,525	6,483	
Compulsory automobile liability insurance	-	84,060	-	-	84,060	
	<u>\$ 827,164</u>	<u>\$ 84,952</u>	<u>\$ 5,415</u>	<u>\$ 255,473</u>	<u>\$ 1,173,004</u>	
For the Three Months Ended September 30, 2024						
Insurance Type	Commission Expenses	Service Fee Charge	Reinsurance			
			Commission Expenses	Others	Total	
	Fire insurance	\$ 68,862	\$ 1,181	\$ 10,693	\$ 9,645	\$ 90,381
Marine insurance	23,046	69	307	858	24,280	
Land and air insurance	435,579	-	1,199	166,574	603,352	
Liability insurance	79,067	13	40	14,456	93,576	
Guarantee insurance	1,153	-	3	189	1,345	
Other property insurance	50,819	123	5,091	1,640	57,673	
Accident insurance	140,338	-	-	52,024	192,362	
Health insurance	15,051	-	-	5,083	20,134	
Policy-oriented residential earthquake insurance	2,896	6	-	3,542	6,444	
Compulsory automobile liability insurance	-	85,341	-	-	85,341	
	<u>\$ 816,811</u>	<u>\$ 86,733</u>	<u>\$ 17,333</u>	<u>\$ 254,011</u>	<u>\$ 1,174,888</u>	

For the Nine Months Ended September 30, 2025

Insurance Type	Commission Expenses	Service Fee Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 211,964	\$ 2,224	\$ (99)	\$ 27,714	\$ 241,803
Marine insurance	77,108	136	1,577	2,529	81,350
Land and air insurance	1,352,312	-	21	495,874	1,848,207
Liability insurance	256,731	54	3,501	44,854	305,140
Guarantee insurance	9,845	1	1,118	688	11,652
Other property insurance	122,018	429	14,678	6,612	143,737
Accident insurance	410,308	1	(110)	152,758	562,957
Health insurance	49,502	-	-	17,635	67,137
Policy-oriented residential earthquake insurance	9,417	17	-	10,512	19,946
Compulsory automobile liability insurance	-	241,549	-	-	241,549
	<u>\$ 2,499,205</u>	<u>\$ 244,411</u>	<u>\$ 20,686</u>	<u>\$ 759,176</u>	<u>\$ 3,523,478</u>

For the Nine Months Ended September 30, 2024

Insurance Type	Commission Expenses	Service Fee Charge	Reinsurance Commission Expenses	Others	Total
Fire insurance	\$ 215,454	\$ 2,807	\$ 15,344	\$ 30,017	\$ 263,622
Marine insurance	76,027	100	896	2,545	79,568
Land and air insurance	1,276,404	-	1,344	488,402	1,766,150
Liability insurance	240,958	19	227	43,435	284,639
Guarantee insurance	9,832	(2)	(110)	836	10,556
Other property insurance	133,288	443	17,020	5,641	156,392
Accident insurance	395,022	-	155	149,003	544,180
Health insurance	41,121	-	-	14,275	55,396
Policy-oriented residential earthquake insurance	9,014	23	-	10,592	19,629
Compulsory automobile liability insurance	-	240,334	-	-	240,334
	<u>\$ 2,397,120</u>	<u>\$ 243,724</u>	<u>\$ 34,876</u>	<u>\$ 744,746</u>	<u>\$ 3,420,466</u>

Acquisition costs of the insurance contracts were not deferred.

6) Profit and loss analysis of the insurance business

Direct underwriting business

Insurance Type	For the Three Months Ended September 30, 2025					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 1,065,777	\$ (320,772)	\$ 72,498	\$ 147,867	\$ 135,552	\$ 1,030,632
Marine insurance	367,589	15,846	30,068	152,228	(156,460)	325,907
Land and air insurance	4,017,208	(88,300)	615,718	2,073,714	218,729	1,197,347
Liability insurance	847,232	38,500	99,004	248,940	130,332	330,456
Guarantee insurance	23,120	(13,928)	2,539	143	1,604	32,762
Other property insurance	1,172,903	317,923	36,248	132,665	485,322	200,745
Accident insurance	1,262,627	4,270	195,777	332,188	45,541	684,851
Health insurance	143,477	6,131	25,194	14,102	(3,737)	101,787
Policy-oriented residential earthquake insurance	121,956	(3,525)	6,483	1	1	118,996
Compulsory automobile liability insurance	<u>792,081</u>	<u>2,730</u>	<u>84,060</u>	<u>514,397</u>	<u>17,781</u>	<u>173,113</u>
	<u><u>\$ 9,813,970</u></u>	<u><u>\$ (41,125)</u></u>	<u><u>\$ 1,167,589</u></u>	<u><u>\$ 3,616,245</u></u>	<u><u>\$ 874,665</u></u>	<u><u>\$ 4,196,596</u></u>

Insurance Type	For the Three Months Ended September 30, 2024					
	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 1,292,840	\$ (35,040)	\$ 79,688	\$ 1,017,803	\$ (378,461)	\$ 608,850
Marine insurance	267,269	(39,047)	23,973	81,541	178,468	22,334
Land and air insurance	3,855,803	34,155	602,153	1,977,553	53,235	1,188,707
Liability insurance	825,407	63,080	93,536	222,903	(57,174)	503,062
Guarantee insurance	15,328	(18,305)	1,342	5,505	1,676	25,110
Other property insurance	736,699	436,825	52,582	120,919	332,030	(205,657)
Accident insurance	1,225,601	21,126	192,362	387,087	27,797	597,229
Health insurance	110,416	2,604	20,134	21,741	(8,216)	74,153
Policy-oriented residential earthquake insurance	120,349	(1,386)	6,444	25,687	(22,287)	111,891
Compulsory automobile liability insurance	<u>786,330</u>	<u>9,077</u>	<u>85,341</u>	<u>359,212</u>	<u>11,829</u>	<u>320,871</u>
	<u><u>\$ 9,236,042</u></u>	<u><u>\$ 473,089</u></u>	<u><u>\$ 1,157,555</u></u>	<u><u>\$ 4,219,951</u></u>	<u><u>\$ 138,897</u></u>	<u><u>\$ 3,246,550</u></u>

For the Nine Months Ended September 30, 2025

Insurance Type	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)			Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 4,601,996	\$ 415,724	\$ 241,903	\$ 2,184,003	\$ 1,145,090	\$ 615,276		
Marine insurance	1,083,389	36,236	79,775	299,402	13,648	654,328		
Land and air insurance	12,083,764	81,840	1,848,186	5,767,554	1,003,102	3,383,082		
Liability insurance	2,483,096	146,993	301,639	770,985	414,293	849,186		
Guarantee insurance	93,394	(491)	10,534	7,866	(7,034)	82,519		
Other property insurance	3,726,364	1,018,599	129,057	313,977	1,047,985	1,216,746		
Accident insurance	3,627,448	23,234	563,067	935,112	144,754	1,961,281		
Health insurance	373,996	13,188	67,136	37,398	11,384	244,890		
Policy-oriented residential earthquake insurance	376,131	2,234	19,946	801	(799)	353,949		
Compulsory automobile liability insurance	<u>2,266,534</u>	<u>16,257</u>	<u>241,549</u>	<u>1,505,639</u>	<u>67,895</u>	<u>435,194</u>		
	<u><u>\$ 30,716,112</u></u>	<u><u>\$ 1,753,814</u></u>	<u><u>\$ 3,502,792</u></u>	<u><u>\$ 11,822,737</u></u>	<u><u>\$ 3,840,318</u></u>	<u><u>\$ 9,796,451</u></u>		

For the Nine Months Ended September 30, 2024

Insurance Type	Written Premium (Net of Premium Allowance)	Net Changes in Unearned Premium Reserve	Acquisition Cost of Insurance Contracts	Claims and Payments (Including Claim Expense)			Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 4,366,391	\$ 514,350	\$ 248,278	\$ 1,308,721	\$ 3,832,516	\$ (1,537,474)		
Marine insurance	1,017,558	27,160	78,672	270,899	198,547	442,280		
Land and air insurance	11,335,014	246,005	1,764,806	5,753,556	454,978	3,115,669		
Liability insurance	2,323,336	118,226	284,412	1,017,694	35,337	867,667		
Guarantee insurance	93,101	(8,295)	10,666	21,928	2,784	66,018		
Other property insurance	2,653,279	1,139,753	139,372	436,571	483,820	453,763		
Accident insurance	3,444,162	(22,476)	544,025	1,191,927	40,371	1,690,315		
Health insurance	299,970	2,326	55,396	72,220	(33,747)	203,775		
Policy-oriented residential earthquake insurance	367,192	6,808	19,629	37,587	800	302,368		
Compulsory automobile liability insurance	<u>2,224,065</u>	<u>12,098</u>	<u>240,334</u>	<u>1,383,321</u>	<u>131,802</u>	<u>456,510</u>		
	<u><u>\$ 28,124,068</u></u>	<u><u>\$ 2,035,955</u></u>	<u><u>\$ 3,385,590</u></u>	<u><u>\$ 11,494,424</u></u>	<u><u>\$ 5,147,208</u></u>	<u><u>\$ 6,060,891</u></u>		

Reinsurance inward business

Insurance Type	For the Three Months Ended September 30, 2025					
	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 17,634	\$ (1,974)	\$ 95	\$ 93,982	\$ (68,202)	\$ (6,267)
Marine insurance	1,945	(4,540)	227	3,480	(7,209)	9,987
Land and air insurance	79	-	13	26	(8,272)	8,312
Liability insurance	4,133	1,035	1,062	1,517	796	(277)
Guarantee insurance	909	145	42	83	1,188	(549)
Other property insurance	19,554	(692)	4,126	11,906	(3,038)	7,252
Accident insurance	1,831	37	(150)	692	(71)	1,323
Health insurance	-	-	-	(1)	(1,378)	1,379
Policy-oriented residential earthquake insurance	16,576	(408)	-	459	1	16,524
Compulsory automobile liability insurance	<u>199,715</u>	<u>(1,121)</u>	<u>-</u>	<u>183,451</u>	<u>1,228</u>	<u>16,157</u>
	<u><u>\$ 262,376</u></u>	<u><u>\$ (7,518)</u></u>	<u><u>\$ 5,415</u></u>	<u><u>\$ 295,595</u></u>	<u><u>\$ (84,957)</u></u>	<u><u>\$ 53,841</u></u>
For the Three Months Ended September 30, 2024						
Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 48,489	\$ 4,386	\$ 10,693	\$ 89,862	\$ 21,213	\$ (77,665)
Marine insurance	3,761	50	307	12,005	(6,582)	(2,019)
Land and air insurance	(36)	(197)	1,199	1,377	(28,261)	25,846
Liability insurance	1,248	265	40	239	504	200
Guarantee insurance	289	(10)	3	(15)	(414)	725
Other property insurance	19,207	(1,322)	5,091	6,872	6,677	1,889
Accident insurance	2,163	115	-	689	32	1,327
Health insurance	-	-	-	(1)	(562)	563
Policy-oriented residential earthquake insurance	16,662	909	-	33,214	(34,591)	17,130
Compulsory automobile liability insurance	<u>202,969</u>	<u>4,468</u>	<u>-</u>	<u>190,343</u>	<u>5,531</u>	<u>2,627</u>
	<u><u>\$ 294,752</u></u>	<u><u>\$ 8,664</u></u>	<u><u>\$ 17,333</u></u>	<u><u>\$ 334,585</u></u>	<u><u>\$ (36,453)</u></u>	<u><u>\$ (29,377)</u></u>

For the Nine Months Ended September 30, 2025

Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 50,098	\$ 142	\$ (99)	\$ 176,321	\$ (109,096)	\$ (17,170)
Marine insurance	16,550	548	1,578	5,569	(7,018)	15,873
Land and air insurance	120	(96)	21	117	(1,800)	1,878
Liability insurance	14,486	7,515	3,501	3,752	2,056	(2,338)
Guarantee insurance	2,881	1,183	1,117	236	2,932	(2,587)
Other property insurance	59,693	(2,088)	14,678	25,673	(2,715)	24,145
Accident insurance	6,030	227	(110)	1,715	449	3,749
Health insurance	-	-	-	(1)	(447)	448
Policy-oriented residential earthquake insurance	51,147	330	-	1,512	(176)	49,481
Compulsory automobile liability insurance	<u>594,919</u>	<u>3,968</u>	<u>-</u>	<u>537,610</u>	<u>(2,752)</u>	<u>56,093</u>
	<u><u>\$ 795,924</u></u>	<u><u>\$ 11,729</u></u>	<u><u>\$ 20,686</u></u>	<u><u>\$ 752,504</u></u>	<u><u>\$ (118,567)</u></u>	<u><u>\$ 129,572</u></u>

For the Nine Months Ended September 30, 2024

Insurance Type	Reinsurance Premium	Net Changes in Unearned Premium Reserve	Reinsurance Commission Expense	Reinsurance Claim	Net Changes in Loss Reserve	Profit (Loss)
Fire insurance	\$ 79,979	\$ (11,148)	\$ 15,344	\$ 202,369	\$ (79,544)	\$ (47,042)
Marine insurance	9,564	(396)	896	18,906	(14,688)	4,846
Land and air insurance	806	285	1,344	2,105	(21,504)	18,576
Liability insurance	3,601	676	227	898	212	1,588
Guarantee insurance	(551)	(659)	(110)	1,605	742	(2,129)
Other property insurance	66,646	5,766	17,020	17,652	9,555	16,653
Accident insurance	7,029	524	155	1,740	(352)	4,962
Health insurance	-	-	-	6	(395)	389
Policy-oriented residential earthquake insurance	54,452	6,818	-	40,010	1,041	6,583
Compulsory automobile liability insurance	<u>590,753</u>	<u>10,643</u>	<u>-</u>	<u>542,673</u>	<u>8,185</u>	<u>29,252</u>
	<u><u>\$ 812,279</u></u>	<u><u>\$ 12,509</u></u>	<u><u>\$ 34,876</u></u>	<u><u>\$ 827,964</u></u>	<u><u>\$ (96,748)</u></u>	<u><u>\$ 33,678</u></u>

Ceded reinsurance business

Insurance Type	For the Three Months Ended September 30, 2025						(Profit) Loss	
	Reinsurance Expenses	Net Changes in Ceded		Claims and Payments (Recovered from Reinsurers)		Net Changes in Ceded Loss Reserve		
		Unearned Premium Reserve	Reinsurance Commission Income					
Fire insurance	\$ 738,794	\$ (381,330)	\$ 70,099	\$ 100,682	\$ (40,998)	\$ 990,341		
Marine insurance	257,617	(19,486)	24,938	112,304	(160,079)	299,940		
Land and air insurance	160,996	(68,236)	50,870	89,747	6,341	82,274		
Liability insurance	290,643	32,381	44,134	44,242	74,478	95,408		
Guarantee insurance	15,303	(3,009)	2,881	(422)	436	15,417		
Other property insurance	1,009,813	337,176	71,809	88,542	192,068	320,218		
Accident insurance	64,245	(606)	13,682	27,500	(83)	23,752		
Health insurance	10,077	8,817	4,534	-	2,521	(5,795)		
Policy-oriented residential earthquake insurance	121,956	(3,526)	-	-	-	125,482		
Compulsory automobile liability insurance	<u>336,979</u>	<u>1,637</u>	<u>-</u>	<u>304,119</u>	<u>11,179</u>	<u>20,044</u>		
	<u><u>\$ 3,006,423</u></u>	<u><u>\$ (96,182)</u></u>	<u><u>\$ 282,947</u></u>	<u><u>\$ 766,714</u></u>	<u><u>\$ 85,863</u></u>	<u><u>\$ 1,967,081</u></u>		
For the Three Months Ended September 30, 2024								
Insurance Type	Reinsurance Expenses	Net Changes in Ceded		Claims and Payments (Recovered from Reinsurers)		Net Changes in Ceded Loss Reserve	(Profit) Loss	
		Unearned Premium Reserve	Reinsurance Commission Income					
Fire insurance	\$ 934,464	\$ (106,782)	\$ 87,502	\$ 863,062	\$ (603,271)	\$ 693,953		
Marine insurance	192,616	(37,796)	23,579	42,832	164,735	(734)		
Land and air insurance	227,828	6,565	68,966	86,329	(21,418)	87,386		
Liability insurance	186,992	(49,571)	(2,086)	26,053	(83,420)	296,016		
Guarantee insurance	2,421	(22,689)	1,030	4,219	(2,735)	22,596		
Other property insurance	681,960	421,735	73,413	96,593	268,876	(178,657)		
Accident insurance	79,691	2,351	17,714	45,275	(1,033)	15,384		
Health insurance	-	-	-	17	443	(460)		
Policy-oriented residential earthquake insurance	120,349	(1,386)	-	22,287	(22,287)	121,735		
Compulsory automobile liability insurance	<u>333,361</u>	<u>5,446</u>	<u>-</u>	<u>212,410</u>	<u>11,277</u>	<u>104,228</u>		
	<u><u>\$ 2,759,682</u></u>	<u><u>\$ 217,873</u></u>	<u><u>\$ 270,118</u></u>	<u><u>\$ 1,399,077</u></u>	<u><u>\$ (288,833)</u></u>	<u><u>\$ 1,161,447</u></u>		

For the Nine Months Ended September 30, 2025

Insurance Type	Net Changes in Ceded				Claims and Payments (Recovered from Reinsurers)		Net Changes in Ceded Loss Reserve		(Profit) Loss
	Reinsurance Expenses	Unearned Premium Reserve	Reinsurance Commission Income	(Recovered from Reinsurers)					
Fire insurance	\$ 3,464,717	\$ 100,627	\$ 271,738	\$ 1,867,061	\$ 887,338		\$ 337,953		
Marine insurance	812,009	32,442	77,416	201,966	2,614		497,571		
Land and air insurance	684,463	(28,029)	185,450	266,152	32,713		228,177		
Liability insurance	775,664	84,164	134,991	141,574	188,722		226,213		
Guarantee insurance	58,818	1,500	11,963	411	(13,331)		58,275		
Other property insurance	3,169,841	998,972	252,940	229,264	527,689		1,160,976		
Accident insurance	184,565	21,098	39,587	63,168	5,395		55,317		
Health insurance	10,077	8,817	4,534	(48)	4,333		(7,559)		
Policy-oriented residential earthquake insurance	376,131	2,233	-	800	(800)		373,898		
Compulsory automobile liability insurance	<u>959,462</u>	<u>9,753</u>	<u>-</u>	<u>888,895</u>	<u>40,243</u>		<u>20,571</u>		
	<u><u>\$ 10,495,747</u></u>	<u><u>\$ 1,231,577</u></u>	<u><u>\$ 978,619</u></u>	<u><u>\$ 3,659,243</u></u>	<u><u>\$ 1,674,916</u></u>		<u><u>\$ 2,951,392</u></u>		

For the Nine Months Ended September 30, 2024

Insurance Type	Net Changes in Ceded				Claims and Payments (Recovered from Reinsurers)		Net Changes in Ceded Loss Reserve		(Profit) Loss
	Reinsurance Expenses	Unearned Premium Reserve	Reinsurance Commission Income	(Recovered from Reinsurers)					
Fire insurance	\$ 3,454,912	\$ 400,246	\$ 274,783	\$ 999,779	\$ 3,049,683		\$ (1,269,579)		
Marine insurance	789,750	30,777	79,840	160,020	195,434		323,679		
Land and air insurance	675,987	10,691	195,185	260,463	3,817		205,831		
Liability insurance	602,293	(132,282)	76,271	410,969	(85,514)		332,849		
Guarantee insurance	58,075	(19,693)	12,015	16,060	(9,293)		58,986		
Other property insurance	2,422,157	1,051,703	246,262	352,373	436,007		335,812		
Accident insurance	216,980	19,385	49,626	142,831	(3,587)		8,725		
Health insurance	-	-	-	5,145	(5,531)		386		
Policy-oriented residential earthquake insurance	367,192	6,808	-	34,187	800		325,397		
Compulsory automobile liability insurance	<u>938,384</u>	<u>7,259</u>	<u>-</u>	<u>814,878</u>	<u>80,005</u>		<u>36,242</u>		
	<u><u>\$ 9,525,730</u></u>	<u><u>\$ 1,374,894</u></u>	<u><u>\$ 933,982</u></u>	<u><u>\$ 3,196,705</u></u>	<u><u>\$ 3,661,821</u></u>		<u><u>\$ 358,328</u></u>		

7) Sensitivity to insurance risk

a) Cathay Century

For the nine months ended September 30, 2025

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	\$ 4,369,750	65.37%	\$ (218,488)	\$ (101,008)
Marine insurance	1,074,839	79.37%	(53,742)	(16,428)
Land and air insurance	11,904,527	57.90%	(595,226)	(571,579)
Liability insurance	2,480,373	51.21%	(124,019)	(81,234)
Guarantee insurance	93,394	10.26%	(4,669)	(2,711)
Other property insurance	3,723,807	63.75%	(186,190)	(38,596)
Accident insurance	3,585,527	37.79%	(179,276)	(159,647)
Health insurance	373,996	34.67%	(18,700)	(18,529)
Policy-oriented residential earthquake insurance	376,131	13.40%	(18,807)	(18,807)
Compulsory automobile liability insurance	<u>2,266,534</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 30,248,878</u>		<u>\$ (1,399,117)</u>	<u>\$ (1,008,539)</u>

For the nine months ended September 30, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Increase in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Fire insurance	\$ 4,110,760	49.69%	\$ (205,538)	\$ (1,260)
Marine insurance	1,008,903	77.46%	(50,445)	(190)
Land and air insurance	11,134,422	59.16%	(556,721)	(5,384)
Liability insurance	2,321,667	49.74%	(116,083)	(735)
Guarantee insurance	93,101	11.28%	(4,655)	(14)
Other property insurance	2,650,147	43.92%	(132,507)	(299)
Accident insurance	3,397,226	41.87%	(169,862)	(1,541)
Health insurance	299,970	37.61%	(14,998)	(137)
Policy-oriented residential earthquake insurance	367,192	0.47%	(18,360)	(184)
Compulsory automobile liability insurance	<u>2,224,065</u>	Not applicable	<u>Not applicable</u>	<u>Not applicable</u>
	<u>\$ 27,607,453</u>		<u>\$ (1,269,169)</u>	<u>\$ (9,744)</u>

Note: Expected loss rate is calculated based on the simple average loss rate of the past five years, among the health insurance excludes the impact of epidemic prevention insurance.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Century, profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

b) Cathay Insurance (Vietnam)

For the nine months ended September 30, 2025

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 179,237	14.32%	\$ (8,962)	\$ (8,953)
Flood insurance	8,550	14.14%	(428)	(140)
Fire insurance	232,246	32.49%	(11,612)	(706)
Engineering insurance	2,557	21.28%	(128)	(30)
Accident insurance	41,921	36.48%	(2,096)	(2,093)
Liability insurance	<u>2,723</u>	2.52%	<u>(136)</u>	<u>(114)</u>
	<u><u>\$ 467,234</u></u>		<u><u>\$ (23,362)</u></u>	<u><u>\$ (12,036)</u></u>

For the nine months ended September 30, 2024

Insurance Type	Premium Income	Expected Loss Rate	Impact on Profit or Loss of 5% Change in Expected Loss Rate	
			Before Reinsurance	After Reinsurance
Automobile insurance	\$ 200,592	14.78%	\$ (10,030)	\$ (10,012)
Flood insurance	8,655	12.54%	(433)	(139)
Fire insurance	255,631	34.70%	(12,782)	(437)
Engineering insurance	3,132	21.65%	(157)	(36)
Accident insurance	46,936	36.88%	(2,347)	(2,343)
Liability insurance	<u>1,669</u>	1.67%	<u>(83)</u>	<u>(58)</u>
	<u><u>\$ 516,615</u></u>		<u><u>\$ (25,832)</u></u>	<u><u>\$ (13,025)</u></u>

Note: Expected loss rate is calculated based on the weighted average loss rate of the past five years.

The above table shows that with 5% increase in the expected loss rate of every insurance contract of Cathay Insurance (Vietnam), profit or loss may be impacted to an extent; however, the impact has been mitigated through the arrangement of reinsurance to achieve the effect of risk diversification.

8) Risk concentration

a) Cathay Century

i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

As of September 30, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with insurance risk management standards and the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meeting.

ii) Exposure to unanticipated changes in trend

As of September 30, 2025, there are no other unexpected changes in exposure.

iii) Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

At Cathay Century, each unit has appointed a director for compliance matters to minimize possible legal risk. Additionally, contracts signed externally by each unit must use a “Legal Opinion Inquiry Form” to draft specific issues and consult the Legal Affairs Office for legal advice. As of September 30, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

iv) Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks, such as market risk, credit risk, and liquidity risk, may be derived accordingly. To avoid operations being severely endangered by these derived risks from a catastrophe, Cathay Century has established “points for handling teams of catastrophe and major events” and “Operation Standards under Crisis”. Additionally, Cathay Century has implemented a business continuity management mechanism, under which the crisis handling team is set up in response to the event and executes emergency actions after ensuring employee safety, such as resource coordination, fund procurement monitoring changes in the financial market and adjusting investment positions to protect the rights of the insured and Cathay Century and to ensure financial stability.

v) When a non-linear relationship as a certain key variable has approached to the extent that future cash flows may be materially influenced.

Since the 3rd stage of liberalization of property insurance premium rate took effect, Cathay Century has conducted regular reviews the accordance with regulations. When the actual loss rate exceeds the expected loss rate to a certain percentage, premium rates will be properly adjusted to avoid persistent enlargement of losses. In addition, the other insurance products observes the changes in trend of loss rates of each product continuously and adjusts pricing and coverage in a timely manner and in response to large claim cases, Cathay Century adjusts claim payments and strengthens the progress of reinsurance recoveries to effectively mitigate the liquidity risk arising from insurance risk.

For investment instruments, changes in risk indicators are monitored on a regular basis with cash flow analysis as well as stress testing, to control and manage the impact of fluctuations in major risk factors.

In addition, stress testing is performed for the overall business every year to assess the impacts on financial positions due to extreme scenarios of the assets and insurance risk and understand the major risk factors to response in advance.

vi) Concentration of geographic regions and operating segments

Cathay Century's catastrophe insurance for earthquakes, typhoon and floods are mainly in the areas of Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Pingtung, Hualien and Taitung.

ii. Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes Cathay Century's concentration of risk before and after reinsurance by insurance type:

Insurance Type	For the Three Months Ended September 30, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 1,003,038	\$ 12,878	\$ 677,356	\$ 338,560	4.84
Marine insurance	364,471	1,944	255,451	110,964	1.59
Land and air insurance	3,966,432	(6)	160,955	3,805,471	54.38
Liability insurance	846,938	4,057	290,434	560,561	8.01
Guarantee insurance	23,120	909	15,303	8,726	0.11
Other property insurance	1,171,850	19,026	1,008,435	182,441	2.61
Accident insurance	1,248,217	1,836	64,194	1,185,859	16.95
Health insurance	143,477	-	10,077	133,400	1.91
Policy-oriented residential earthquake insurance	121,956	16,576	121,956	16,576	0.24
Compulsory automobile liability insurance	792,081	199,715	336,979	654,817	9.36
Total	\$ 9,681,580	\$ 256,935	\$ 2,941,140	\$ 6,997,375	100.00

Insurance Type	For the Three Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 1,210,682	\$ 45,181	\$ 855,470	\$ 400,393	6.00
Marine insurance	264,288	3,633	190,535	77,386	1.16
Land and air insurance	3,788,560	(37)	227,777	3,560,746	53.31
Liability insurance	825,345	1,235	187,008	639,572	9.58
Guarantee insurance	15,328	289	2,421	13,196	0.20
Other property insurance	736,154	18,722	681,257	73,619	1.10
Accident insurance	1,208,364	2,163	79,579	1,130,948	16.93
Health insurance	110,416	-	-	110,416	1.65
Policy-oriented residential earthquake insurance	120,349	16,662	120,349	16,662	0.25
Compulsory automobile liability insurance	786,330	202,969	333,361	655,938	9.82
Total	\$ 9,065,816	\$ 290,817	\$ 2,677,757	\$ 6,678,876	100.00

Insurance Type	For the Nine Months Ended September 30, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 4,369,750	\$ 53,708	\$ 3,255,171	\$ 1,168,287	5.62
Marine insurance	1,074,839	16,181	805,634	285,386	1.37
Land and air insurance	11,904,527	(6)	684,413	11,220,108	54.02
Liability insurance	2,480,373	14,065	773,251	1,721,187	8.29
Guarantee insurance	93,394	2,881	58,818	37,457	0.18
Other property insurance	3,723,807	58,376	3,167,006	615,177	2.96
Accident insurance	3,585,527	5,931	184,514	3,406,944	16.40
Health insurance	373,996	-	10,077	363,919	1.75
Policy-oriented residential earthquake insurance	376,131	51,147	376,131	51,147	0.25
Compulsory automobile liability insurance	2,266,534	594,919	959,462	1,901,991	9.16
Total	\$ 30,248,878	\$ 797,202	\$ 10,274,477	\$ 20,771,603	100.00

Insurance Type	For the Nine Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Fire insurance	\$ 4,110,760	\$ 69,657	\$ 3,208,241	\$ 972,176	5.08
Marine insurance	1,008,903	9,315	783,688	234,530	1.23
Land and air insurance	11,134,422	651	675,919	10,459,154	54.65
Liability insurance	2,321,667	2,974	600,678	1,723,963	9.01
Guarantee insurance	93,101	(551)	58,075	34,475	0.18
Other property insurance	2,650,147	62,082	2,417,238	294,991	1.54
Accident insurance	3,397,226	6,570	216,863	3,186,933	16.65
Health insurance	299,970	-	-	299,970	1.57
Policy-oriented residential earthquake insurance	367,192	54,452	367,192	54,452	0.28
Compulsory automobile liability insurance	2,224,065	590,753	938,384	1,876,434	9.81
Total	\$ 27,607,453	\$ 795,903	\$ 9,266,278	\$ 19,137,078	100.00

iii. Disclosure of the past management of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statements assess the uncertainty of cash flows related to such risks.

Catastrophes, such as earthquake, typhoon, and flood along with related huge claims, result in tremendous impact to the property insurance business.

To control and manage risk with low frequency of occurrence but enormous impact, Cathay Century assesses the risk of natural disasters and special insured items (for example, high-tech factory, power plant and traffic engineering), transfers risk through reinsurance, controls accumulated risk according to self-retain limits and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

b) Cathay Insurance (Vietnam)

i. Situations that may cause concentration of insurance risk:

i) Single insurance contract or several related contracts

As of September 30, 2025, commercial insurance products with low frequency of occurrence and enormous possible losses have been reviewed and discussed in compliance with the underwriting guidelines by the underwriting department, reinsurance department and risk management department or in project meeting.

ii) Exposure to unanticipated changes in trend

As of September 30, 2025, a major claim case occurred in April involving Preah Vihear Quang Viet, which led to a higher fire insurance loss ratio and a downgrade in the level of liquidity risk. The Risk Management Department will prepare a risk assessment report and provide handling recommendations. Since Cathay Insurance (Vietnam) has maintained effective risk diversification, business risk remains unaffected. Ongoing monitoring of related risk exposures will continue.

- iii) Material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts

“The Procedure for Subrogation” and “The Proceedings of the Court” are set up to safeguard the rights of Cathay Insurance (Vietnam) and the insured and to implement process control of lawsuit cases of insurance claim. In addition, each unit has appointed a staff for compliance matters to minimize possible legal risk. As of September 30, 2025, there are no material litigation or legal risks that may lead to huge losses incurred by a single contract or have an extensive effect on several contracts.

- iv) Correlation and interaction among different risks

When a catastrophe occurs, the underwritten cases will incur huge claims, and other risks such as market risk, credit risk, liquidity risk, may be derived accordingly. To avoid the operations being severely endangered by these derived risks from a catastrophe, Cathay Insurance (Vietnam) established the Points for Handling Major Events of Cathay Insurance (Vietnam) under which emergency response team is set up in reaction to the event and execute emergent tasks such as resource coordination and fund procurement to protect the rights of the insured and Cathay Insurance (Vietnam) and to maintain financial stability. As of September 30, 2025, there is no interaction among risks resulting from a catastrophe.

- v) Concentration of geographical regions and operating segments

Cathay Insurance (Vietnam)’s catastrophe insurance for earthquakes and floods are mainly in the areas of Ho Chi Minh City, Tinh Dong Nai and Tinh Ha Tinh.

- ii. Disclosure of concentration of insurance risk, including explanation of indicators used to identify the common features of insurance risk concentration and exposure to related insurance liabilities related to such feature.

The following table summarizes the Cathay Insurance (Vietnam)’s concentration of risk before and after reinsurance by insurance type:

Insurance Type	For the Three Months Ended September 30, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 50,776	\$ 85	\$ 41	\$ 50,820	70.05
Flood insurance	3,118	1	2,166	953	1.31
Fire insurance	62,739	2,708	59,390	6,057	8.35
Engineering insurance	1,053	527	1,377	203	0.28
Accident insurance	14,410	(5)	51	14,354	19.79
Liability insurance	294	77	210	161	0.22
Total	\$ 132,390	\$ 3,393	\$ 63,235	\$ 72,548	100.00

Insurance Type	For the Three Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 67,243	\$ 1	\$ 51	\$ 67,193	72.85
Flood insurance	2,981	128	2,081	1,028	1.11
Fire insurance	82,158	3,308	78,994	6,472	7.02
Engineering insurance	545	485	703	327	0.35
Accident insurance	17,237	-	112	17,125	18.57
Liability insurance	62	13	(16)	91	0.10
Total	\$ 170,226	\$ 3,935	\$ 81,925	\$ 92,236	100.00

Insurance Type	For the Nine Months Ended September 30, 2025				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 179,237	\$ 126	\$ 50	\$ 179,313	73.28
Flood insurance	8,550	369	6,375	2,544	1.04
Fire insurance	232,246	15,931	229,087	19,090	7.80
Engineering insurance	2,557	1,317	2,835	1,039	0.43
Accident insurance	41,921	99	51	41,969	17.15
Liability insurance	2,723	421	2,413	731	0.30
Total	\$ 467,234	\$ 18,263	\$ 240,811	\$ 244,686	100.00

Insurance Type	For the Nine Months Ended September 30, 2024				
	Premium Income	Reinsurance Premium Inward	Reinsurance Expenses	Net Premium Income	%
Automobile insurance	\$ 200,592	\$ 155	\$ 68	\$ 200,679	73.36
Flood insurance	8,655	249	6,062	2,842	1.04
Fire insurance	255,631	13,640	249,989	19,282	7.05
Engineering insurance	3,132	4,564	4,919	2,777	1.02
Accident insurance	46,936	459	117	47,278	17.28
Liability insurance	1,669	627	1,615	681	0.25
Total	\$ 516,615	\$ 19,694	\$ 262,770	\$ 273,539	100.00

c) Disclosure of the past performance of property insurance business regarding the management risks with low frequency of occurrence but enormous impact, to the user of financial statement assess the uncertainty of cash flows related to such risks

Catastrophes, such as typhoon and flood, will bring tremendous insurance risk to the property insurance business. To control and manage risk with low frequency of occurrence but enormous impact, Cathay Insurance (Vietnam) assesses the risk of natural disasters and special insured items and holds loss prevention seminars regularly to help clients lower the incidence rate of disasters.

9) Development trends of claims

a) Cathay Century

September 30, 2025

Accident Year	≤ 2018	2019	2020	2021	2022	2023	2024	2025	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	\$ 16,094,127	
After the first year	-	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	17,202,414	-	
After the second year	-	9,915,122	11,009,236	10,420,320	44,403,185	13,680,352	-	-	
After the third year	-	9,900,713	10,856,229	10,393,667	44,349,575	-	-	-	
After the fourth year	-	10,203,863	10,941,749	10,288,717	-	-	-	-	
After the fifth year	-	10,188,477	10,946,677	-	-	-	-	-	
After the sixth year	-	10,187,681	-	-	-	-	-	-	
Final estimated claim payments									
Accumulated claims disbursed	-	10,187,681	10,946,677	10,288,717	44,349,575	13,680,352	17,202,414	16,094,127	
	-	10,151,284	10,837,258	9,982,536	43,588,162	12,605,641	12,683,690	4,115,151	
Adjustment	274,542	36,397	109,419	306,181	761,413	1,074,711	4,518,724	11,978,976	\$ 19,060,363
Amount recognized in balance sheet	<u>\$ 274,542</u>	<u>\$ 36,397</u>	<u>\$ 109,419</u>	<u>\$ 306,181</u>	<u>\$ 761,413</u>	<u>\$ 1,074,711</u>	<u>\$ 4,518,724</u>	<u>\$ 12,328,533</u>	<u>\$ 19,409,920</u>

December 31, 2024

Accident Year	≤ 2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 18,967,938	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	14,066,286	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,403,185	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,393,667	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,941,749	-	-	-	-	
After the fifth year	-	8,415,865	10,188,477	-	-	-	-	-	
After the sixth year	-	8,418,544	-	-	-	-	-	-	
Final estimated claim payments									
Accumulated claims disbursed	-	8,418,544	10,188,477	10,941,749	10,393,667	44,403,185	14,066,286	18,967,938	
	-	8,394,163	10,134,579	10,818,573	9,842,058	43,283,596	12,274,525	7,393,524	
Adjustment	263,210	24,381	53,897	123,176	551,609	1,119,589	1,791,761	11,574,414	\$ 15,502,037
Amount recognized in balance sheet	<u>\$ 263,210</u>	<u>\$ 24,381</u>	<u>\$ 53,897</u>	<u>\$ 123,176</u>	<u>\$ 551,609</u>	<u>\$ 1,119,589</u>	<u>\$ 1,791,761</u>	<u>\$ 11,850,775</u>	<u>\$ 15,778,398</u>

September 30, 2024

Accident Year	≤ 2017	2018	2019	2020	2021	2022	2023	2024	Total
Accumulated estimated claim payments									
End of the underwriting year	\$ -	\$ 9,090,990	\$ 10,190,448	\$ 9,508,911	\$ 10,259,775	\$ 43,545,821	\$ 14,539,239	\$ 15,282,014	
After the first year	-	8,574,948	10,063,196	11,023,615	10,637,168	44,819,446	14,100,451	-	
After the second year	-	8,479,083	9,915,122	11,009,236	10,420,320	44,730,065	-	-	
After the third year	-	8,447,631	9,900,713	10,856,229	10,407,214	-	-	-	
After the fourth year	-	8,413,409	10,203,863	10,935,051	-	-	-	-	
After the fifth year	-	8,415,865	10,174,773	-	-	-	-	-	
After the sixth year	-	8,417,578	-	-	-	-	-	-	
Final estimated claim payments									
Accumulated claims disbursed	-	8,417,578	10,174,773	10,935,051	10,407,214	44,730,065	14,100,451	15,282,014	
	-	8,387,199	10,130,229	10,677,668	9,806,776	43,158,289	11,762,340	4,613,608	
Adjustment	272,064	30,379	44,544	257,383	600,438	1,571,776	2,338,111	10,668,406	\$ 15,783,101
Amount recognized in balance sheet	<u>\$ 272,064</u>	<u>\$ 30,379</u>	<u>\$ 44,544</u>	<u>\$ 257,383</u>	<u>\$ 600,438</u>	<u>\$ 1,571,776</u>	<u>\$ 2,338,111</u>	<u>\$ 10,668,406</u>	<u>\$ 270,712</u>

Note 1: The upper part of table illustrates claim payments estimated in underwriting years by property insurance business. The lower part of the table illustrates the reconciliation of the accumulated claims disbursed to the balance sheet.

Note 2: The above tables excludes direct loss reserve of compulsory insurance, policy-oriented residential earthquake insurance and inward loss reserve of \$1,524,924 thousand and \$1,265,372 thousand as of September 30, 2025, \$1,457,829 thousand and \$1,383,940 thousand as of December 31, 2024, \$1,698,506 thousand and \$1,415,143 thousand as of September 30, 2024.

b) Cathay Insurance (Vietnam)

Since the claim data of Cathay Insurance (Vietnam) is still immature, the historical experience for development trend of claim is not available. Cathay Insurance (Vietnam) provided loss reserve for claims incurred but not yet filed at 5% of retained premiums following the suggestion by Vietnamese Ministry of Finance 2842/BTC/QLBH.

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 2,145,780,428	\$ 2,029,794,871	\$ 1,822,216,811
Financial assets at FVTOCI	1,164,613,302	1,032,941,639	972,078,833
Financial assets for hedging	2,795,544	6,615	97,974
Financial assets at amortized cost			
Cash and cash equivalents	409,810,280	331,924,124	505,419,827
Due from the Central Bank and call loans to banks	499,072,580	304,995,700	317,981,072
Debt instruments at amortized cost	4,701,320,453	4,905,021,138	4,710,100,316
Notes and bonds purchased under resale agreements	26,555,215	39,225,129	56,324,594
Discounts and loans, net	3,217,617,187	3,081,678,906	2,992,594,768
Receivables, net	329,403,264	306,818,735	299,968,092
Other financial assets, net	816,614,548	810,353,665	795,081,554
Guarantee deposits paid	67,517,655	93,238,191	35,143,368
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	135,969,323	203,998,439	127,056,585
Financial liabilities for hedging	524,846	2,591,575	1,332,408
Financial liabilities at amortized cost			
Deposits from the Central Bank and banks	156,809,440	184,682,667	139,834,127
Notes and bonds sold under repurchase agreements	14,001,893	21,953,912	24,722,886
Commercial paper payable, net	78,690,097	91,876,330	90,215,497
Payables	155,537,631	101,378,430	108,954,612
Deposits and remittances	4,266,274,757	3,783,367,486	3,515,683,753
Bonds payable	279,696,964	248,957,330	247,627,725
Other borrowings	67,479,217	39,908,290	17,024,960
Other financial liabilities	871,415,210	855,810,849	846,359,224
Guarantee deposits received	13,116,509	11,346,484	24,683,023

b. The valuation technique and assumptions used in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- 1) The carrying amount of cash and cash equivalents, due from the central bank and call loans to banks, accounts receivable, notes and bonds purchased under resale agreements, discount and loans, partial other financial assets, deposits from the central bank and banks, notes and bonds sold under repurchase agreements, accounts payable, commercial paper payable, deposits and remittances, bonds payable, other borrowings, partial other financial liabilities and accounts payable approximates their fair value; therefore, the carrying amount is regarded as fair value.

- 2) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- 3) Fair values of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of liquidity, P/E ratio of similar entities and Price-Book ratio of similar entities).
- 4) Fair value of debt instruments without market quotations is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instruments (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk information).
- 5) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using the interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- 6) The Group evaluates the credit risk of the derivative contract traded over-the-counter through the following calculation. Under the assumption that the Group will not default, the Group determines its credit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default, of the counterparty. On the other hand, under the assumption that the counterparty will not default, the Group calculates its debit value adjustment by multiplying three factors, probability of default, loss given default, and exposure at default, of the Group. The Group decides the estimated probability of default by referring to the probability of default announced by external credit rating agencies. The Group sets estimated loss given default at 60% by considering the experiences of Jon Gregory, a scholar, and foreign financial institutions. The estimated exposure at default for current period is evaluated by considering the fair value of the derivative instruments traded on the Taipei Exchange.

c. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

Items	September 30, 2025				December 31, 2024				September 30, 2024			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<u>Non-derivative instruments</u>												
Assets												
Financial assets at FVTPL												
Stocks	\$ 532,233,500	\$ 527,231,050	\$ 655,712	\$ 4,346,738	\$ 536,998,231	\$ 530,549,730	\$ 1,424,149	\$ 5,024,352	\$ 394,429,747	\$ 388,280,308	\$ 1,068,804	\$ 5,080,635
Bonds	443,814,912	39,377,390	393,391,773	11,045,749	416,489,953	29,314,053	377,598,670	9,577,230	404,434,428	22,813,432	372,511,960	9,109,036
Others	1,090,088,078	673,608,728	232,953,375	183,525,975	974,868,576	644,021,027	141,927,660	188,919,889	897,098,306	589,034,058	129,224,429	178,839,819
Financial assets at FVTOCI												
Stocks	170,419,680	157,645,374	-	12,774,306	191,008,412	174,681,705	-	16,326,707	176,473,990	161,383,904	-	15,090,086
Bonds (Note)	988,620,236	228,439,026	760,147,705	33,505	849,968,832	209,467,724	640,464,897	36,211	785,756,227	177,303,149	608,383,844	69,234
Others	10,250,908	-	10,250,908	-	6,014,913	6,014,913	-	-	11,954,229	-	11,954,229	-
Liabilities												
Financial liabilities at FVTPL												
Financial liabilities designated as at FVTPL	40,226,719	-	40,226,719	-	42,151,047	-	42,151,047	-	41,827,101	-	41,827,101	-
Held for trading	193,948	193,948	-	-	1,439,695	1,439,695	-	-	1,167,484	1,167,484	-	-
<u>Derivative instruments</u>												
Assets												
Financial assets at FVTPL	79,643,938	182,721	79,367,849	93,368	101,438,111	1,554,853	99,316,379	566,879	126,254,330	1,628,133	123,809,235	816,962
Financial assets for hedging	2,795,544	17,607	2,777,937	-	6,615	6,615	-	-	97,974	-	97,974	-
Liabilities												
Financial liabilities at FVTPL	95,548,656	387,197	95,068,091	93,368	160,407,697	230,975	159,609,843	566,879	84,062,000	415,107	82,829,931	816,962
Financial liabilities for hedging	524,846	524,846	-	-	2,591,575	23,424	2,568,151	-	1,332,408	-	1,332,408	-

Note: Including those serving as refundable deposits.

Transfers between Level 1 and Level 2:

- For the nine months ended September 30, 2025, Cathay Life and its subsidiaries had no transfers between Level 1 and Level 2 fair value measurements. For the nine months ended September 30, 2024, due to the availability of market quotes transferred its investment of \$38,536 thousand in fair value stocks from Level 2 to Level 1.
- For the nine months ended September 30, 2025 and 2024, due to the availability of market quotes, Cathay Venture transferred its investment of \$812,879 thousand and \$369,630 thousand in fair value stocks from Level 2 to Level 1, respectively.

2) Reconciliation for movements in Level 3 fair value measurements

	For the Nine Months Ended September 30, 2025		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 204,088,350	\$ 16,362,918	\$ 566,879
Recognized in profit or loss			
Loss on financial assets and liabilities at FVTPL	(4,988,922)		(64,019)
Gain on reclassification using the overlay approach	10,972,070		-
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	(1,085,319)	(172,634)	-
Other comprehensive loss reclassified using the overlay approach	(10,972,070)	-	-
Loss on financial assets at FVTOCI	-	(3,468,005)	-
Acquisitions or issuances	21,056,407	102,545	-
Capital reduction, return of shares	(13,600)	(7,000)	-
Disposals or settlements	(20,016,570)	(10,013)	(409,492)
Transfers out of Level 3	(28,516)	-	-
Ending balance	<u>\$ 199,011,830</u>	<u>\$ 12,807,811</u>	<u>\$ 93,368</u>
	For the Nine Months Ended September 30, 2024		
	Financial Assets		Financial Liabilities
	At FVTPL	At FVTOCI	At FVTPL
Beginning balance	\$ 220,467,013	\$ 13,400,944	\$ 4,082,455
Recognized in profit or loss			
Gain (loss) on financial assets and liabilities at FVTPL	5,941,975		(463,501)
Gain on reclassification using the overlay approach	5,023,883		-
Recognized in other comprehensive income			
Exchange differences on translation of the financial statements of foreign operations	141,192	156,387	-
Other comprehensive loss reclassified using the overlay approach	(5,023,883)	-	-
Gain on financial assets at FVTOCI	-	1,494,811	-
Acquisitions or issuances	16,278,038	145,041	-
Disposals or settlements	(48,123,281)	(34,673)	(2,801,992)
Transfers in of Level 3	298,773	-	-
Transfers out of Level 3	(255,760)	-	-
Reclassified as held for sale	(901,498)	(3,190)	-
Ending balance	<u>\$ 193,846,452</u>	<u>\$ 15,159,320</u>	<u>\$ 816,962</u>

Regarding the above amounts recognized in profit or loss for the nine months ended September 30, 2025 and 2024, unrealized losses of \$997,658 thousand and \$652,303 thousand were related to financial assets held at the end of the period, respectively.

Regarding the above amounts recognized in profit or loss for the nine months ended September 30, 2025 and 2024, unrealized gains of \$43,995 thousand and \$265,309 thousand were related to financial liabilities held at the end of the period, respectively.

3) Information on significant unobservable inputs applied for Level 3 fair value measurement

The significant unobservable inputs applied for recurring Level 3 fair value measurement were as follows:

Cathay Life and its subsidiaries

Items	Valuation Techniques	Significant Unobservable Inputs	September 30, 2025	
			Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-78%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	6%-100%	The higher the dividend payout ratio, the higher the fair value estimates
Items	Valuation Techniques	Significant Unobservable Inputs	December 31, 2024	
			Interval (Weighted-average)	Relationship Between Inputs and Fair Value
	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest	0%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates

September 30, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL and financial assets at FVTOCI	Equity approach	Discount for lack of liquidity	0%-3%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Market approach	Discount for lack of liquidity	11%-30%	The higher the discount for lack of liquidity, the lower the fair value estimates
	Income approach	Discount for lack of liquidity, discount for minority interest	6%-30%	The higher the discount for lack of liquidity and control, the lower the fair value estimates
		Growth rate of net profit after tax	(72%)-3103%	The higher the growth rate of adjusted net profit after tax, the higher the fair value estimates
		Dividend payout ratio	41%-90%	The higher the dividend payout ratio, the higher the fair value estimates

Cathay United Bank and its subsidiaries

September 30, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value

December 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value

September 30, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTPL	Market approach	Discount for lack of liquidity	10%-20%	The higher the discount for lack of liquidity, the lower the fair value of shares
Financial assets at FVTOCI	Market approach	Discount for lack of liquidity	15%-30%	The higher the discount for lack of liquidity, the lower the fair value of shares
	Residual income approach	Cost of equity rate	15%-20%	The higher the cost of equity rate, the lower the fair value of the shares
	Value of net assets approach	Value of net assets	N/A	The higher the value of net assets, the higher the fair value of the shares
	Discounted cash flow method	Lending rate	9.15%	The higher the lending rate, the lower the fair value

Cathay Securities and its subsidiaries

September 30, 2025				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

December 31, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

September 30, 2024				
Items	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at FVTOCI	Market comparison approach	Discount for lack of liquidity	15%-20%	The higher the discount for lack of liquidity, the lower the fair value

4) Valuation process for Level 3 fair value measurements.

The Group's risk management department is responsible for conducting the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

d. Fair values of financial instruments not measured at fair value

Other than the items in the following table, the financial assets and liabilities of the Group not measured at fair value have the carrying amounts approximate to their fair values, or the fair values cannot be measured reliably:

September 30, 2025

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,736,352,648	\$ 56,937,575	\$ 3,887,380,332	\$ 6,117,459	\$ 3,950,435,366

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,949,194,235	\$ 75,999,629	\$ 3,892,815,246	\$ 368,298	\$ 3,969,183,173

September 30, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Debt instruments at amortized cost (Note)	\$ 4,719,052,537	\$ 71,221,615	\$ 3,938,413,859	\$ 386,473	\$ 4,010,021,947

Note: Including those serving as refundable deposits.

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. Significant unobservable inputs used in Level 3 fair value measurement were the discount rates that reflect the credit risk of counterparties and the cash flows that reflect the feature of early reimbursement.

e. Hedge accounting disclosures

Cathay Life and its subsidiaries

1) Cash flow hedges

The future cash flows of the bond investments and borrowings held by Cathay Life and its subsidiaries may fluctuate due to the changes in market interest rates and thus lead to risks. Accordingly, Cathay Life and its subsidiaries held interest rate derivatives to hedge risks arising from the changes in interest rates. Information of hedge accounting is as follows:

a) Hedging instruments

September 30, 2025						Changes in Fair Value Used for Calculating Hedge
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Ineffectiveness for the Current Period	
		Assets	Liabilities			
IRS	\$ 805,010	\$ 17,607	\$ -	Financial assets for hedging	\$ 11,192	
IRS	43,125,337	-	524,846	Financial liabilities for hedging	(501,622)	

December 31, 2024						Changes in Fair Value Used for Calculating Hedge
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Ineffectiveness for the Current Period	
		Assets	Liabilities			
IRS	\$ -	\$ -	\$ -	-	\$ 1,110	
IRS	21,457,711	6,615	-	Financial assets for hedging	6,615	
IRS	2,246,068	-	23,424	Financial liabilities for hedging	(23,424)	
Forward bond contracts	1,180,116	-	58,363	Financial liabilities for hedging	(58,363)	

September 30, 2024						Changes in Fair Value Used for Calculating Hedge
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Ineffectiveness for the Current Period	
		Assets	Liabilities			
IRS	\$ -	\$ -	\$ -	-	\$ 1,110	
Forward bond contracts	3,544,912	97,974	-	Financial assets for hedging	97,974	
Forward bond contracts	2,310,523	-	16,259	Financial liabilities for hedging	(16,259)	

b) Maturities of the nominal amount of hedging instruments and average price or rate

	Period Till Maturity				
	1 Month	1-3 Months	3 Months -	1 Year	1-5 Years
					Over 5 Years
<u>September 30, 2025</u>					
IRS					
Nominal principal	\$ -	\$ 21,066,112	\$ -	\$ -	\$ 22,864,235
Average fixed rate	-	1.75%	-	-	2.23%

	Period Till Maturity				
	1 Month	1-3 Months	3 Months -	1 Year	1-5 Years
					Over 5 Years
<u>December 31, 2024</u>					
IRS					
Nominal principal	\$ -	\$ -	\$ 20,689,750	\$ -	\$ 3,014,029
Average fixed rate	-	-	1.75%	-	2.23%
Forward bond contracts					
Nominal principal	-	1,180,116	-	-	-
Average price (in hundreds of U.S. dollars)	-	81.09	-	-	-

	Period Till Maturity				
	1 Month	1-3 Months	3 Months -	1 Year	1-5 Years
					Over 5 Years
<u>September 30, 2024</u>					
Forward bond contracts					
Nominal principal	\$ -	\$ 4,715,999	\$ 1,139,436	\$ -	\$ -
Average price (in hundreds of US dollars)	-	74.97	81.09	-	-

c) Hedged items

For the Nine Months Ended September 30, 2025								
Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period	Cash Flow Hedge Reserve	Balance of Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Change in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Item Affected in Profit or Loss Because of the Reclassification	
Floating-rate loan Discontinued hedge	\$490,430	\$(507,240)	N/A	\$(490,430)	\$ -	\$ -	\$ -	
Expected investment	20,662	-	\$(235,067)	29,287	(23,599)	Net other noninterest gain (loss)	4,901	
	(49,949)	-	N/A	-	-	Net other noninterest gain (loss)	-	

For the Nine Months Ended September 30, 2024								
Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period	Cash Flow Hedge Reserve	Balance of Cash Flow Hedge Reserve Generated from the Hedging Relationships Where Hedge Accounting Is No Longer Applicable	Change in the Value of the Hedging Instrument Recognized in Other Comprehensive Income	Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness	Amount Reclassified from the Cash Flow Hedge Reserve to Profit or Loss	Line Item Affected in Profit or Loss Because of the Reclassification	
							Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes Hedge Ineffectiveness
Floating-rate bonds	\$ (1,110)	\$ -	N/A	\$ 1,110	\$ -	\$ (2,219)	Net other noninterest gain (loss)	-
Discontinued hedge	88,637	-	\$ (80,194)	(81,091)	5,957	Net other noninterest gain (loss)	(686)	-
Expected investment	(128,137)	94,390	N/A	94,390	(12,674)	Net other noninterest gain (loss)	-	-

d) Reconciliation of equity component that applied hedge accounting and related other comprehensive income is summarized below:

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ (225,374)	\$ (4,513)
Gross amount recognized in other comprehensive income		
Change in the value of the hedging instrument		
recognized in other comprehensive loss	(459,966)	14,409
Change in the value of the hedging instrument		
recognized in other comprehensive loss - non-controlling interests	(1,177)	-
Amount reclassified from the cash flow hedge reserve to profit or loss	4,901	(2,905)
Exchange rate changes	13,003	(2,198)
Tax effects	88,647	(1,861)
Disposal of subsidiary	-	6,118
Ending balance	<u>\$ (579,966)</u>	<u>\$ 9,050</u>

2) Fair value hedges

The book value of the foreign currency denominated assets held by Cathay Life and its subsidiaries may fluctuate due to the changes in market exchange rates and thus lead to risk. Accordingly, Cathay Life and its subsidiaries held derivative instruments related to exchange rates to hedge risks arising from changes in exchange rates. Information of hedge accounting is as follows:

a) Hedging instruments

September 30, 2025						Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included	Line Item in Balance Sheet Where the Hedging Instrument Is Included	Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
		Assets	Liabilities			
Forward	\$ 44,433,720	\$ 2,777,937	\$ -	Financial assets for hedging		\$ 4,962,949

December 31, 2024							Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included			
		Assets	Liabilities				
Forward	\$ 26,383,540	\$ -	\$ 2,509,788	Financial liabilities for hedging			\$ (1,474,279)

September 30, 2024							Changes in Fair Value Used for Calculating Hedge Ineffectiveness for the Current Period
Hedging Instrument	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Line Item in Balance Sheet Where the Hedging Instrument Is Included			
		Assets	Liabilities				
Forward	\$ 13,959,300	\$ -	\$ 1,316,149	Financial liabilities for hedging			\$ (871,899)

b) Maturities of the nominal amount of hedging instruments and average price or rate

Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>September 30, 2025</u>						
Forward						
Nominal principal	\$ -	\$ -	\$ -	\$ 37,450,200	\$ 6,983,520	
Exchange rate (USD/TWD)						
				31.2085	26.7845	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>December 31, 2024</u>						
Forward						
Nominal principal	\$ -	\$ 2,687,400	\$ 11,271,900	\$ 9,327,400	\$ 3,096,840	
Exchange rate (USD/TWD)						
		26.8740	28.1654	31.0913	25.8070	
Period Till Maturity						
	1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	Over 5 Years	
<u>September 30, 2024</u>						
Forward						
Nominal principal	\$ -	\$ -	\$ 13,959,300	\$ -	\$ -	
Exchange rate (USD/TWD)						
			27.9502			

c) Hedged items

For the Nine Months Ended September 30, 2025						
Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in Statement of Financial Position That Includes Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period	Ineffectiveness Recognized in Profit or Loss
Assets	Liabilities	Assets	Liabilities			Line Item in Profit or Loss That Includes the Hedge Ineffectiveness
Overseas bonds	\$ 44,433,720	\$ -	\$ (4,962,949)	Debt instruments at amortized cost	\$ (4,962,949)	\$ -

For the Nine Months Ended September 30, 2024									
	Book Value of Hedged Item		Cumulative Adjustment for Change in Fair Value of Hedged Item Included in the Book Value of the Hedged Item		Line Item in Statement of Financial Position That Includes Hedged Items	Charges in Fair Value Used for Calculating Hedge Ineffectiveness for Current Period		Ineffectiveness Recognized in Profit or Loss	Line Item in Profit or Loss That Includes the Hedge Ineffectiveness
	Assets	Liabilities	Assets	Liabilities		Debt instruments at amortized cost	\$ 871,899		
Overseas bonds	\$ 13,959,300	\$ -	\$ 871,899	\$ -				\$ -	-

d) Reconciliation of equity component that applied hedge accounting and related other comprehensive income were summarized below:

For the Nine Months Ended September 30		
	2025	2024
<u>Foreign currency basis - related period</u>		
Beginning balance	\$ (128,933)	\$ 515,012
Gross amount recognized in other comprehensive income		
Change in the value of the hedging instrument		
recognized in other comprehensive loss	(681,794)	(543,849)
Amount reclassified to profit or loss	1,001,411	250,520
Tax effects	<u>(63,923)</u>	<u>58,666</u>
Ending balance	<u>\$ 126,761</u>	<u>\$ 280,349</u>

f. Offsetting of financial assets and financial liabilities

Cathay Life and its subsidiaries

Cathay Life and its subsidiaries engage in derivative financial instruments that do not meet the offsetting criteria of standards, but enters into master netting arrangements or other similar agreements with counterparties. Financial instruments subject to master netting arrangements or other similar agreements could be settled at net amount as agreed by both parties of the transaction, or the financial instrument should be settled at gross amount otherwise. However, if one of both parties of the transaction defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

September 30, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on the Balance Sheet (b)	Net Financial Assets Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		
				Financial Instruments	Cash Collateral Received	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 28,249,510	\$ -	\$ 28,249,510	\$ 19,383,588	\$ 3,594,888	\$ 5,271,034
<u>Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements</u>						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet (b)	Net Financial Liabilities Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		
				Financial Instruments	Cash Collateral Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 38,610,818	\$ -	\$ 38,610,818	\$ 19,383,588	\$ 9,875,052	\$ 9,352,178

December 31, 2024

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on the Balance Sheet (b)	Net Financial Assets Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 5,328,041	\$ -	\$ 5,328,041	\$ 5,312,990	\$ 15,407	\$ (356)
Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet (b)	Net Financial Liabilities Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 73,109,254	\$ -	\$ 73,109,254	\$ 5,312,990	\$ 28,041,457	\$ 39,754,807

September 30, 2024

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Offset Financial Liabilities Recognized on the Balance Sheet (b)	Net Financial Assets Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 47,925,956	\$ -	\$ 47,925,956	\$ 7,856,889	\$ 14,423,778	\$ 25,645,289
Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet (b)	Net Financial Liabilities Recognized on the Balance Sheet (c)=(a)-(b)	Relevant Amount That Has Not Been Offset on the Balance Sheet (d)		Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 7,856,889	\$ -	\$ 7,856,889	\$ 7,856,889	\$ -	\$ -

Cathay United Bank and its subsidiaries

Cathay United Bank and its subsidiaries engages in financial instrument transactions that are offset in accordance with IAS 32, section 42, and the financial assets and financial liabilities that are relevant to such transactions are presented in the balance sheets at net amounts.

Cathay United Bank and its subsidiaries is also engaged in financial instrument transactions that are not offset in accordance with the regulations, but entered into enforceable master netting arrangements or other similar agreements with counterparties, for example: Global master repurchase agreements, global securities lending agreements, or other similar agreements. Financial instruments subject to enforceable master netting arrangement or other similar agreements could be settled at net amount as chosen by the counterparties, or, if not, the financial instruments could be settled at gross amount. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities was disclosed as follows:

September 30, 2025

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 54,933,833	\$ -	\$ 54,933,833	\$ 54,933,833	\$ -	\$ -
Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 58,019,113	\$ -	\$ 58,019,113	\$ 54,933,833	\$ 3,085,280	\$ -
Repurchase bonds	1,651,818	-	1,651,818	799,327	852,491	-

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Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 95,752,257	\$ -	\$ 95,752,257	\$ 90,621,728	\$ 5,130,529	\$ -
Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 90,621,728	\$ -	\$ 90,621,728	\$ 90,621,728	\$ -	\$ -
Repurchase bonds	10,942,366	-	10,942,366	10,010,444	931,922	-

September 30, 2024

Financial Assets Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Assets (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 76,505,534	\$ -	\$ 76,505,534	\$ 76,505,534	\$ -	\$ -
Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Item	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount Offset in the Balance Sheet (b)	Amount Presented in the Balance Sheet (c)=(a)-(b)	Amount Not Offset in the Balance Sheet (d)		
				Financial Instruments (Note)	Cash Collateral Received/Pledged	Net Amount (e)=(c)-(d)
Derivative financial instruments	\$ 76,697,522	\$ -	\$ 76,697,522	\$ 76,505,534	\$ 191,988	\$ -
Repurchase bonds	15,080,874	-	15,080,874	14,623,556	457,318	-

Note: Master netting arrangement and non-cash collateral are included.

Cathay Securities and its subsidiaries

Cathay Securities and its subsidiaries enter into secured repurchase agreements with counterparties, for which Cathay Securities and its subsidiaries provide securities as collateral. Only in the event of default, insolvency or bankruptcy, these transactions are allowed to be offset, which does not meet the offsetting criteria of financial instrument transactions, Article 42 of IAS 32, and they are not subject to enforceable master netting arrangements or other similar agreements and should be settled at gross amounts. However, if one of the counterparty defaults, the other party could choose to settle the transaction at net amount.

Information related to offsetting of financial assets and financial liabilities is disclosed as follows:

September 30, 2025

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet		Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet	
		Financial Instruments (Note)	Cash Collateral Received		Net Amount	
Repurchase bonds	\$ 12,350,075	\$ -	\$ 12,350,075	\$ 12,637,297	\$ 306,654	\$ (593,876)

December 31, 2024

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet		Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet	
		Financial Instruments (Note)	Cash Collateral Pledged		Net Amount	
Repurchase bonds	\$ 11,011,546	\$ -	\$ 11,011,546	\$ 11,181,335	\$ 329,923	\$ (499,712)

September 30, 2024

Financial Liabilities Bound by Offsetting or Enforceable Master Netting Arrangements or Similar Agreements						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities	Gross Amount of Offset Financial Assets Recognized on the Balance Sheet		Net Financial Liabilities Recognized on the Balance Sheet	Relevant Amount That Has Not Been Offset on the Balance Sheet	
		Financial Instruments (Note)	Cash Collateral Received		Net Amount	
Repurchase bonds	\$ 9,642,013	\$ -	\$ 9,642,013	\$ 9,903,756	\$ -	\$ (261,743)

Note: Master netting arrangements and non-cash collateral are included.

g. Transfers of financial assets

Financial assets transferred that have not been fully removed

Cathay United Bank and its subsidiaries

In the daily operations of Cathay United Bank and its subsidiaries, transferred financial assets that do not meet the criteria for full removal are mostly debt securities used as counterparty collateral for repurchase agreements or equity securities lent out as part of securities lending agreement. The cash flows of these transactions have been transferred, and reflects the liability where Cathay United Bank is obligated to repurchase the transferred financial assets according to a fixed price in future periods. With respect to such transactions, Cathay United Bank and its subsidiaries will not be able to use, sell or pledge such transferred financial assets during the effective period. However Cathay United Bank and its subsidiaries are still exposed to interest rate risk and credit risk, hence they are not derecognized.

The following table analyses financial assets and financial liabilities that have not been fully removed:

September 30, 2025					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI Repurchase agreements	\$ 1,350,827	\$ 1,651,818	\$ 1,350,827	\$ 1,651,818	\$ (300,991)

December 31, 2024					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI Repurchase agreements	\$ 7,441,316	\$ 7,657,552	\$ 7,441,316	\$ 7,657,552	\$ (216,236)
Debt instruments at amortized cost Repurchase agreements	3,978,145	3,284,814	4,022,636	3,284,814	737,822

September 30, 2024					
Category of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI Repurchase agreements	\$ 10,159,942	\$ 10,433,088	\$ 10,159,942	\$ 10,433,088	\$ (273,146)
Debt instruments at amortized cost Repurchase agreements	5,621,154	4,647,786	5,754,970	4,647,786	1,107,184

Cathay Securities and its subsidiaries

Transferred financial assets that are part of Cathay Securities and its subsidiaries' daily operations that do not meet the criteria for full derecognition are mostly made up of notes and bonds sold under repurchase agreements. The cash flows of these transactions have been transferred, and reflects the liability where Cathay Securities and its subsidiaries are obligated to buy back the transferred financial assets according to fixed prices in future periods. With respect to such transactions, Cathay Securities and its subsidiaries will not be able to use, sell or pledge the said transferred financial assets during the effective period. However, Cathay Securities and its subsidiaries are still exposed to interest rate risk and credit risk, hence the assets are not fully derecognized.

The following table analyses Cathay Securities and its subsidiaries' financial assets and financial liabilities that have not been fully derecognized:

September 30, 2025

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTPL					
Repurchase agreements	\$ 428,184	\$ 459,767	\$ 428,184	\$ 459,767	\$ (31,583)
Financial assets at FVTOCI					
Repurchase agreements	12,049,227	11,730,434	12,049,227	11,730,434	318,793
Securities purchased under resell agreements					
Repurchase agreements	159,886	159,874	159,886	159,874	12

December 31, 2024

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 11,021,692	\$ 10,851,914	\$ 11,021,692	\$ 10,851,914	\$ 169,778
Securities purchased under resell agreements					
Repurchase agreements	159,643	159,632	159,643	159,632	11

September 30, 2024

Categories of Financial Assets	Carrying Value of Transferred Financial Assets	Carrying Value of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Fair Value
Financial assets at FVTOCI					
Repurchase agreements	\$ 9,776,532	\$ 9,514,796	\$ 9,776,532	\$ 9,514,796	\$ 261,736
Securities purchased under resell agreements					
Repurchase agreements	127,224	127,217	127,224	127,217	7

h. Financial risk management objectives and policies

Cathay Life and its subsidiaries

Cathay Life and its subsidiaries' major financial instruments include equity and debt investments, derivative instruments, receivables, payables and bonds payable. The main financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk that changes in market risk factors, such as the exchange rate, product price, interest rate, credit spread and stock price, may decrease Cathay Life and its subsidiaries' income or value of investment portfolio.

Cathay Life and its subsidiaries continuously utilizes market risk management instruments such as Value at Risk (“VaR”) and Sensitivity Analysis to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is the maximum loss on the investment portfolio due to changes in market risk factors over a given period and at a specified confidence level. Currently, Cathay Life and its subsidiaries adopt the one-week VaR at 99% confidence levels to measure market risk.

b) Sensitivity analysis

Summary of Sensitivity Analysis

Risk Factor	Variable (+/-)	For the Nine Months Ended September 30, 2025	
		Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 11,120,172	\$ 10,116,758
	Appreciation of CNY/USD by 1%	(15,353)	272,138
	Appreciation of HKD/USD by 1%	(252)	69,550
	Appreciation of EUR/USD by 1%	22,493	574,095
	Appreciation of GBP/USD by 1%	145,119	268,403
	Upward parallel shift of the yield curve (USD) by 1bp	1,312	(1,481,177)
Interest rate risk	Upward parallel shift of the yield curve (CNY) by 1bp	-	(2,530)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(51,843)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(22,719)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(58,853)
	Increase in equity price by 1%	(5,008)	7,727,977
For the Nine Months Ended September 30, 2024			
Risk Factor	Variable (+/-)	Change in Profit or Loss	Change in Equity
Foreign currency risk	Appreciation of USD/NTD by 1%	\$ 10,434,963	\$ 9,128,586
	Appreciation of CNY/USD by 1%	(652,639)	366,814
	Appreciation of HKD/USD by 1%	7,379	140,284
	Appreciation of EUR/USD by 1%	243,544	405,316
	Appreciation of GBP/USD by 1%	90,672	274,377
	Upward parallel shift of the yield curve (USD) by 1bp	1,571	(1,264,693)
Interest rate risk	Upward parallel shift of the yield curve (CNY) by 1bp	-	(14,891)
	Upward parallel shift of the yield curve (EUR) by 1bp	-	(4,981)
	Upward parallel shift of the yield curve (GBP) by 1bp	-	(3,476)
	Upward parallel shift of the yield curve (NTD) by 1bp	-	(66,118)
	Increase in equity price by 1%	84,330	7,032,895

Note 1: Impact of credit spread changes and income tax was not included.

Note 2: Effects of hedging and hedging accounting were considered.

Note 3: Provision or reversal of reserve for foreign exchange fluctuations was not considered in the change in profit or loss due to foreign currency risk. Since May 2025, the new system for the foreign exchange volatility reserve has been adopted, with a provisioning and offsetting ratio of 100%.

Note 4: Change in equity was excluded from the impact on the change in profit or loss.

Note 5: Data of subsidiaries were not disclosed as Cathay Life assessed that there would be no material impact should the disclosures for the subsidiaries be included.

2) Credit risk

a) Sources of credit risk

When engaged in financial transactions, Cathay Life is exposed to credit risks, including issuer credit risk, counterparty credit risk and credit risk of underlying assets:

- i. Issuer credit risk is the risk that Cathay Life may suffer financial losses on debt instruments (excluding the fund) or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations on agreed conditions due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Life may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
- iii. Credit risk of underlying assets is the risk that Cathay Life may suffer losses due to deterioration of the credit quality, increase of credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Concentration risk

- i. Regional distribution of maximum risk exposure for Cathay Life's financial assets:

September 30, 2025

Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 220,604,969	\$ 17,745,393	\$ 2,673,732	\$ 68,484,354	\$ 1,700,000	\$ 311,208,448
Financial assets at FVTPL	56,638,545	9,507,048	101,364,111	90,179,353	9,653,494	267,342,551
Financial assets at FVTOCI	30,098,440	47,842,634	92,421,724	355,047,716	127,006,912	652,417,426
Financial assets for hedging	-	993,944	1,040,521	743,472	-	2,777,937
Financial assets at amortized cost	<u>116,710,337</u>	<u>222,743,338</u>	<u>589,408,728</u>	<u>2,021,497,540</u>	<u>978,389,369</u>	<u>3,928,749,312</u>
	<u>\$ 424,052,291</u>	<u>\$ 298,832,357</u>	<u>\$ 786,908,816</u>	<u>\$ 2,535,952,435</u>	<u>\$ 1,116,749,775</u>	<u>\$ 5,162,495,674</u>
Proportion	8.2%	5.8%	15.2%	49.1%	21.7%	100%

Note: Taiwan is presented separately; Asia, Europe, and North America refer to developed countries located in those regions.

December 31, 2024

Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 141,444,713	\$ 14,686,585	\$ 219,653	\$ 39,918,646	\$ 8,000,000	\$ 204,269,597
Financial assets at FVTPL	50,567,492	1,939,842	100,047,747	90,083,304	11,639,488	254,277,873
Financial assets at FVTOCI	19,730,155	27,341,098	50,230,218	273,393,249	119,623,848	490,318,568
Financial assets at amortized cost	<u>117,104,912</u>	<u>241,202,748</u>	<u>648,362,734</u>	<u>2,201,776,385</u>	<u>1,070,962,817</u>	<u>4,279,409,596</u>
	<u>\$ 328,847,272</u>	<u>\$ 285,170,273</u>	<u>\$ 798,860,352</u>	<u>\$ 2,605,171,584</u>	<u>\$ 1,210,226,153</u>	<u>\$ 5,228,275,634</u>
Proportion	6.3%	5.5%	15.3%	49.8%	23.1%	100%

Note: Taiwan is presented separately; Asia, Europe, and North America refer to developed countries located in those regions.

September 30, 2024

Financial Assets	Taiwan	Asia	Europe	North America	Emerging Markets and Others	Total
Cash and cash equivalents	\$ 345,957,654	\$ 36,395,765	\$ 138,222	\$ 84,083,751	\$ 20,900,000	\$ 487,475,392
Financial assets at FVTPL	64,905,334	13,923,617	111,838,717	101,410,108	11,374,268	303,452,044
Financial assets at FVTOCI	30,850,645	25,478,749	47,576,056	254,694,797	120,161,985	478,762,232
Financial assets for hedging	-	-	12,641	85,333	-	97,974
Financial assets at amortized cost	<u>122,786,995</u>	<u>236,462,454</u>	<u>633,881,009</u>	<u>2,110,876,447</u>	<u>1,044,068,586</u>	<u>4,148,075,491</u>
	<u>\$ 564,500,628</u>	<u>\$ 312,260,585</u>	<u>\$ 793,446,645</u>	<u>\$ 2,551,150,436</u>	<u>\$ 1,196,504,839</u>	<u>\$ 5,417,863,133</u>
Proportion	10.4%	5.8%	14.6%	47.1%	22.1%	100%

Note: Taiwan is presented separately; Asia, Europe, and North America refer to developed countries located in those regions.

ii. Regional distribution of maximum risk exposure for Cathay Life's secured loans:

September 30, 2025

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 164,285,043	\$ 38,889,447	\$ 46,736,062	\$ 177,345	\$ 250,087,897
Non-accrual receivables	<u>339,487</u>	<u>29,314</u>	<u>40,996</u>	<u>1,097,920</u>	<u>1,507,717</u>
	<u>\$ 164,624,530</u>	<u>\$ 38,918,761</u>	<u>\$ 46,777,058</u>	<u>\$ 1,275,265</u>	<u>\$ 251,595,614</u>
Proportion	65.4%	15.5%	18.6%	0.5%	100%

December 31, 2024

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 147,085,122	\$ 38,040,816	\$ 47,202,744	\$ 228,845	\$ 232,557,527
Non-accrual receivables	<u>301,263</u>	<u>23,875</u>	<u>34,790</u>	<u>1,404,808</u>	<u>1,764,736</u>
	<u>\$ 147,386,385</u>	<u>\$ 38,064,691</u>	<u>\$ 47,237,534</u>	<u>\$ 1,633,653</u>	<u>\$ 234,322,263</u>
Proportion	62.9%	16.2%	20.2%	0.7%	100%

September 30, 2024

Location of Collaterals	Northern and Eastern Areas	Central Area	Southern Area	Overseas	Total
Secured loans	\$ 142,937,132	\$ 34,710,933	\$ 46,377,330	\$ 232,982	\$ 224,258,377
Non-accrual receivables	<u>494,602</u>	<u>19,556</u>	<u>28,293</u>	<u>1,356,383</u>	<u>1,898,834</u>
	<u><u>\$ 143,431,734</u></u>	<u><u>\$ 34,730,489</u></u>	<u><u>\$ 46,405,623</u></u>	<u><u>\$ 1,589,365</u></u>	<u><u>\$ 226,157,211</u></u>
Proportion	63.4%	15.4%	20.5%	0.7%	100%

c) Categories for credit risk quality

Cathay Life classified credit risk into low credit risk, medium credit risk, high credit risk and credit impaired. The definitions of each category are as follows:

- i. Low credit risk indicates that an entity or a subject has a robust ability to perform financial commitment. Even though it encounters material uncertainty or exposes to unfavorable conditions, its ability to perform financial commitment obligations will be kept and maintained.
- ii. Medium credit risk indicates that an entity or a subject has a weak ability to perform financial commitment. Unfavorable operational, financial or economic conditions will diminish its ability to perform financial commitment.
- iii. High credit risk indicates that an entity or a subject has a fragile ability to perform financial commitment. The capability to perform financial commitment depends on the favorability of its business environment and financial conditions.
- iv. Credit impaired indicates that an entity or a subject fails to fulfill its obligations, and Cathay Life evaluates the potential losses and determines it as impaired.

d) Determination on the credit risk that has increased significantly since initial recognition

- i. Cathay Life assesses whether there is a significant increase in credit risk of a financial instrument applicable for impairment requirements under IFRS 9 since initial recognition at each reporting date. To make this assessment, Cathay Life considers reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
- ii. If the credit risk of a financial instrument is determined to be low at the reporting date, it indicates that the credit risk of the financial instrument has not increased significantly since initial recognition.

e) The definition of default and credit-impaired financial assets

Cathay Life's definition of default on financial assets is the same as that of a credit-impaired financial asset. If one or more of the following criteria are met, a financial asset is considered defaulted and credit-impaired:

- i. Quantitative factor: When the contractual payments are overdue for more than 90 days, the financial asset is considered defaulted and credit-impaired.

- ii. Qualitative factor: An evidence indicates that the issuers or borrowers cannot pay the contractual payments, or that they have significant financial difficulties, for example:
 - i) The issuers or borrowers have entered into bankruptcy or are probable to enter into bankruptcy or financial reorganization.
 - ii) The issuers or borrowers fail to pay interest or principal according to the issue terms and conditions.
 - iii) The collateral of the borrowers had been provisionally seized or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
- iii. The above-mentioned definitions of default on a financial asset and a credit-impaired financial asset are applicable to all financial assets held by Cathay Life, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.

f) Measurement of expected credit loss

i. The methodology and assumptions applied

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Life measures loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments whose credit risk has increased significantly since initial recognition or those which have been credit-impaired, Cathay Life measures loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

Expected credit losses in the next 12 months and for the duration of the instrument is calculated separately for the two periods using probability of default (“PD”) of issuers, guarantee agencies or borrowers multiplied by loss given default (“LGD”) and exposure at default (“EAD”), in consideration of time value of money.

PD is the rate that a default occurs on issuers, guarantee agencies or borrowers. LGD is the loss rate that resulted from a default of issuers, guarantee agencies or borrowers. Loss given default used by Cathay Life in impairment assessment is based on information regularly issued by Moody’s. Probability of default is based on information regularly issued by Taiwan Ratings Corp. and Moody’s and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of financial assets.

ii. Forward-looking information considerations

Cathay Life takes forward-looking information into consideration while measuring expected credit losses of financial assets.

g) Gross carrying amounts of maximum credit risk exposure and categories for credit quality

i. Financial assets of Cathay Life

September 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 642,396,180	\$ -	\$ -	\$ -	\$ -	\$ 642,396,180
Financial assets at amortized cost	3,899,263,422	-	-	-	(1,480,638)	3,897,782,784
Non-investment grade						
Debt instruments at FVTOCI	5,505,135	1,353,332	3,162,779	-	-	10,021,246
Financial assets at amortized cost	13,206,308	1,177,574	18,532,355	-	(1,949,709)	30,966,528
December 31, 2024						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 480,196,856	\$ -	\$ -	\$ -	\$ -	\$ 480,196,856
Financial assets at amortized cost	4,255,736,442	-	-	-	(1,526,067)	4,254,210,375
Non-investment grade						
Debt instruments at FVTOCI	5,426,225	1,185,015	3,510,472	-	-	10,121,712
Financial assets at amortized cost	7,218,572	8,257	19,971,491	-	(1,999,099)	25,199,221
September 30, 2024						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Gross Carrying Amount
Investment grade						
Debt instruments at FVTOCI	\$ 467,807,855	\$ -	\$ -	\$ -	\$ -	\$ 467,807,855
Financial assets at amortized cost	4,120,825,852	-	-	-	(1,531,819)	4,119,294,033
Non-investment grade						
Debt instruments at FVTOCI	6,158,285	1,235,112	3,560,980	-	-	10,954,377
Financial assets at amortized cost	11,325,285	9,357	19,294,764	-	(1,847,948)	28,781,458

Note: Investment grade assets refer to those with credit ratings of at least BBB-; non-investment grade assets are those with credit ratings lower than BBB-.

ii. Secured loans and non-accrual receivables of Cathay Life

September 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets
Secured loans and non-accrual receivables	\$ 247,226,820	\$ 238,617	\$ 4,130,177	\$ -	\$ (1,491,978)	\$ (3,227,762)
December 31, 2024						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets
Secured loans and non-accrual receivables	\$ 229,452,719	\$ 268,430	\$ 4,601,114	\$ -	\$ (1,241,893)	\$ (2,821,399)

	September 30, 2024						
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3		Loss Allowance	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Gross Carrying Amount
Secured loans and non- accrual receivables	\$ 221,041,667	\$ 265,279	\$ 4,850,265	\$ -	\$ (1,219,326)	\$ (2,690,073)	\$ 222,247,812

h) Reconciliation for loss allowance is summarized below:

i. Debt instruments at FVTOCI for Cathay Life

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2025	\$ 164,757	\$ 224,414	\$ 985,882	\$ -	\$ 1,375,053
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(778)	778	-	-	-
Transferred to a 12-month expected credit losses	13,699	(13,699)	-	-	-
New financial assets originated or purchased	69,643	-	-	-	69,643
Financial assets that have been derecognized during the period	(41,740)	(25,583)	-	-	(67,323)
Changes in models/risk parameters	10,077	95,332	(44,409)	-	61,000
Foreign exchange and other movements	(12,351)	(17,208)	(54,600)	-	(84,159)
September 30, 2025	<u>\$ 203,307</u>	<u>\$ 264,034</u>	<u>\$ 886,873</u>	<u>\$ -</u>	<u>\$ 1,354,214</u>

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2024	\$ 150,965	\$ 55,541	\$ 924,816	\$ -	\$ 1,131,322
Changes due to financial instruments recognized as at January 1					
Transferred to lifetime expected credit losses	(2,595)	2,595	-	-	-
New financial assets originated or purchased	29,882	-	-	-	29,882
Financial assets that have been derecognized during the period	(23,615)	(4,100)	-	-	(27,715)
Changes in models/risk parameters	6,055	173,785	(46,575)	-	133,265
Foreign exchange and other movements	3,553	2,997	25,544	-	32,094
September 30, 2024	<u>\$ 164,245</u>	<u>\$ 230,818</u>	<u>\$ 903,785</u>	<u>\$ -</u>	<u>\$ 1,298,848</u>

ii. Financial assets at amortized cost for Cathay Life

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2025	\$ 1,544,817	\$ 864	\$ 1,979,485	\$ -	\$ 3,525,166
Changes due to financial instruments recognized as at January 1					-
Transferred to lifetime expected credit losses	(2,098)	2,098	-	-	-
New financial assets originated or purchased	28,986	-	-	-	28,986
Financial assets that have been derecognized during the period	(484,432)	(939)	-	-	(485,371)
Changes in models/risk parameters	558,686	112,901	(42,611)	-	628,976
Foreign exchange and other movements	(127,943)	144	(139,611)	-	(267,410)
September 30, 2025	<u>\$ 1,518,016</u>	<u>\$ 115,068</u>	<u>\$ 1,797,263</u>	<u>\$ -</u>	<u>\$ 3,430,347</u>

	Lifetime Expected Credit Losses				Total of Impairment Charged in Accordance with IFRS 9
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	
January 1, 2024	\$ 1,453,074	\$ 122,532	\$ 1,807,235	\$ -	\$ 3,382,841
Changes due to financial instruments recognized as at January 1					-
Transferred to lifetime expected credit losses	(2,947)	2,947	-	-	-
New financial assets originated or purchased	30,931	-	-	-	30,931
Financial assets that have been derecognized during the period	(35,209)	(282,613)	-	-	(317,822)
Changes in models/risk parameters	79,400	152,107	(46,646)	-	184,861
Foreign exchange and other movements	39,021	6,074	53,861	-	98,956
September 30, 2024	<u>\$ 1,564,270</u>	<u>\$ 1,047</u>	<u>\$ 1,814,450</u>	<u>\$ -</u>	<u>\$ 3,379,767</u>

iii. Secured loans and non-accrual receivables for Cathay Life

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2025	\$ 51,050	\$ 4,657	\$ 1,186,186	\$ -	\$ 1,241,893	\$ 2,821,399	\$ 4,063,292
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(8)	8	-	-	-	-	-
Transferred to credit-impaired financial assets	(46)	(12)	58	-	-	-	-
Transferred to 12-month expected credit losses	1,736	(36)	(1,700)	-	-	-	-
New financial assets originated or purchased	3,861	-	9,052	-	12,913	-	12,913
Financial assets that have been derecognized during the period	(790)	-	-	-	(790)	-	(790)
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	406,363	406,363
Changes in models/risk parameters	<u>(17,537)</u>	<u>(1,009)</u>	<u>256,508</u>	<u>-</u>	<u>237,962</u>	<u>-</u>	<u>237,962</u>
September 30, 2025	<u>\$ 38,266</u>	<u>\$ 3,608</u>	<u>\$ 1,450,104</u>	<u>\$ -</u>	<u>\$ 1,491,978</u>	<u>\$ 3,227,762</u>	<u>\$ 4,719,740</u>
	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets	Total
		Collectively Assessed	Not Purchased or Originated Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets			
January 1, 2024	\$ 45,765	\$ 5,416	\$ 1,225,886	\$ -	\$ 1,277,067	\$ 2,773,153	\$ 4,050,220
Changes due to financial instruments recognized as at January 1							
Transferred to lifetime expected credit losses	(4)	4	-	-	-	-	-
Transferred to credit-impaired financial assets	(49)	(2)	51	-	-	-	-
Transferred to 12-month expected credit losses	1,343	(117)	(1,226)	-	-	-	-
New financial assets originated or purchased	4,952	-	9,781	-	14,733	-	14,733
Financial assets that have been derecognized during the period	(399)	-	-	-	(399)	-	(399)
Difference from impairment accrued in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(83,080)	(83,080)
Changes in models/risk parameters	<u>(7,439)</u>	<u>(576)</u>	<u>(64,060)</u>	<u>-</u>	<u>(72,075)</u>	<u>-</u>	<u>(72,075)</u>
September 30, 2024	<u>\$ 44,169</u>	<u>\$ 4,725</u>	<u>\$ 1,170,432</u>	<u>\$ -</u>	<u>\$ 1,219,326</u>	<u>\$ 2,690,073</u>	<u>\$ 3,909,399</u>

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

i) Exposure to credit risk and loss allowance of receivables

Measurement of loss allowance of Cathay Life's receivables which are in the scope of the impairment requirements under IFRS 9 are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under simplified approach is as follows:

	Aging of Receivables Recognized					Total
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months		
<u>September 30, 2025</u>						
Gross carrying amount (Note)	\$ 19,598,722	\$ 72,411	\$ 612	\$ -	\$ 19,671,745	
Loss rate	0%	2%	10%	50%	-	-
Lifetime expected credit losses	-	1,448	61	-	1,509	

Note: Notes receivable of \$11,474 thousand and other receivables of \$19,660,271 thousand were included.

Aging of Receivables Recognized						
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total	
<u>December 31, 2024</u>						
Gross carrying amount (Note)	\$ 45,830,964	\$ 62,149	\$ 913	\$ -	\$ 45,894,026	
Loss rate	0%	2%	10%	50%	-	
Lifetime expected credit losses	-	1,243	91	-	1,334	

Note: Notes receivable of \$88,306 thousand and other receivables of \$45,805,720 thousand were included.

Aging of Receivables Recognized						
	Not Yet Due/within 1 Month	1-3 Months	3-6 Months	Over 6 Months	Total	
<u>September 30, 2024</u>						
Gross carrying amount (Note)	\$ 55,081,343	\$ 64,913	\$ 621	\$ -	\$ 55,146,877	
Loss rate	0%	2%	10%	50%	-	
Lifetime expected credit losses	-	1,298	62	-	1,360	

Note: Notes receivable of \$19,896 thousand and other receivables of \$55,126,981 thousand were included.

The loss allowance was reconciled as follows:

	For the Nine Months Ended September 30	
	2025	2024
Beginning balance	\$ 1,334	\$ 1,351
Provision for the current period	<u>175</u>	<u>9</u>
Ending balance	<u>\$ 1,509</u>	<u>\$ 1,360</u>

3) Liquidity risk

a) Sources of liquidity risk

Liquidity risks of financial instruments are comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that Cathay Life is not capable of performing matured commitment because its fails to realize assets or obtain sufficient funds. Market liquidity risk is the risk of significant changes in fair values when Cathay Life sells or offsets its positions during a market disorder or a lack of sufficient market depth.

b) Liquidity risk management

Cathay Life assesses the characteristics of business, monitors short-term cash flows, and constructs the completed mechanism of liquidity risk management. Furthermore, Cathay Life manages market liquidity risk cautiously by considering market trading volumes and adequacy of holding positions symmetrically.

Cathay Life uses cash flow model and stress testing to assess cash flow risk based on actual management needs or special situations. Also, for abnormal and urgent financing needs, management of Cathay Life makes an emergency operating procedure to deal with significant liquidity risks.

The analysis of cash outflows to Cathay Life and its subsidiaries is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows and, accordingly for certain line items, the disclosed amounts are different to the amounts on consolidated balance sheets.

The maturity dates for other non-derivative and derivative financial liabilities were based on the agreed repayment dates.

	September 30, 2025				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 28,011,586	\$ 1,568,664	\$ -	\$ -	\$ -
Short-term debt	1,470,097	-	-	-	-
Other financial liabilities	24,071,674	1,571,077	3,743,657	9,946,983	31,146,498
Bonds payable (Note 1)	1,060,887	3,814,500	7,699,878	15,296,255	215,845,693
Lease liabilities (Note 2)	664,948	171,804	906,126	2,160,054	32,025,449
<u>Derivative financial liabilities</u>					
SWAP	17,735,850	9,325,827	5,721,200	-	-
Forward	18,493,288	1,705,400	-	-	-
	December 31, 2024				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 31,983,515	\$ 607,011	\$ -	\$ -	\$ -
Other financial liabilities	1,128,250	23,577,485	1,353,400	3,658,346	5,396,746
Bonds payable (Note 1)	2,058,583	2,940,014	7,866,165	17,508,497	224,008,147
Lease liabilities (Note 2)	330,560	396,475	815,464	2,180,211	32,366,038
<u>Derivative financial liabilities</u>					
SWAP	26,894,181	17,137,730	-	-	-
Forward	36,512,846	8,749,126	506,900	-	836,880
Forward bonds	956,923	-	-	-	-
	September 30, 2024				
	Less than 6 Months	Due in 6-12 Months	Due in 1-2 Years	Due in 2-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 21,566,289	\$ 1,574,943	\$ -	\$ -	\$ -
Other financial liabilities	638,392	2,775,216	564,993	3,339,921	1,033,385
Bonds payable (Note 1)	284,581	3,053,269	6,170,810	13,673,950	186,199,859
Lease liabilities (Note 2)	486,355	179,936	828,405	2,203,211	32,659,321
<u>Derivative financial liabilities</u>					
SWAP	5,451,892	330,850	-	-	-
Forward	1,993,703	1,388,500	-	-	-
Forward bonds	1,655,205	-	-	-	-

Note 1: For the bonds payable without maturity dates, the contractual cash flows were calculated on the basis of 10 years starting from the issuance date. For the bonds payable with maturity dates, the contractual cash flows were calculated on the basis of the issuance period (10 or 15 years) starting from the issuance date.

Note 2: For lease liabilities, the remaining periods used to calculate the contractual cash flows were from 1 to 67 years.

Cathay United Bank and its subsidiaries

Cathay United Bank's risk control and hedging strategy follows the requirements of the customer service-oriented banking industry and regulatory environment. In order to comply with the above requirements, Cathay United Bank adopts different risk management methods to identify its risks and Cathay United Bank follows the spirit and regulation of the "Basel Accord" to keep strengthening its assets and the practices of capital management to maintain the best capital adequacy ratio.

Cathay United Bank has set up its risk management committee, whose responsibilities are as follows:

- 1) To amend the risk management policies, risk appetite or risk tolerance and periodic presentations of the important risk management reports, are submitted to the board of directors for approval.
- 2) To manage and decide the strategy about Cathay United Bank's credit risk, market risk and operational risk.
- 3) To report the significant risk management issues, such as credit ratings, market assessment, risk indicators, capital adequacy, and other relevant project summaries, are reviewed comprehensively.
- 4) Development, establishment, validation, and monitoring of credit rating models.
- 5) The results of stress testing execution.
- 6) Important research and discussion matters raised by various risk management-related units of the Bank.
- 7) Other issues.

Cathay United Bank organized a risk management group to monitor, lead, develop, and establish the integral risk management framework.

- 1) Credit risk

Credit risk represents the risk of loss that Cathay United Bank would incur if counterparty fails to perform its contractual obligations. Sources of credit risk cover both on and off balance sheet accounts.

- a) Credit risk policy and implementation
 - i. Cathay United Bank, Indovina Bank and CUBCN Bank

The approval unit of Cathay United Bank, Indovina Bank and CUBCN Bank's credit risk strategies and significant risk policies is the board of directors. Cathay United Bank's Risk Management Division and its subdivisions assist in reviewing and monitoring risk tolerance ability and risk control procedures; and establish credit approval processes, credit limit management, credit rating information, collateral information, periodic reviews and remedial management systems. The subdivisions include the Market Risk Management Division, Credit and Operational Management Division, Consumer Finance Credit Management Division, Corporate Finance Credit Management Division, and International Credit Management Division. Indovina Bank established the credit risk management department to perform risk management. The credit risk departments for loans, investments, and financial instruments or contracts are the executive unit of credit risk control. The credit quality of the overall of the bank is strictly controlled in advance. After the loan is approved, lending portfolios are reviewed according to Cathay United Bank and Indovina Bank's loan review regulations and deficiencies are tracked to strengthen post-event risk management.

Cathay United Bank, Indovina Bank and CUBCN Bank maintain a strict policy to evaluate customers' credit ratings when providing loans, loan commitments and commercial letters of credit. Certain customers are required to provide appropriate collateral for the related loans, and Cathay United Bank, Indovina Bank and CUBCN Bank retain the legal right to foreclose on or liquidate the collateral in the event of default by the counterparty or other relevant parties, which effectively reduces the credit risk of Cathay United Bank, Indovina Bank and CUBCN Bank.

ii. CUBC Bank

The approval unit of CUBC Bank's credit risk policies is the board of directors, and the policies are then implemented by the CUBC Bank's credit risk management department. These credit risk policies form the basic principles for all credit risk situations faced by CUBC Bank and also serve as the basis for the development of CUBC Bank's various businesses in Cambodia.

When CUBC Bank provides loans, the approval unit is decided based on credit amount. The loan committee is the top lending authority within CUBC Bank, and is composed of CUBC Bank's senior management. Certain customers are required to provide appropriate collateral for the related loans, and CUBC Bank retains the legal right to foreclose or liquidate the collateral in the event of default by the counterparty or other relevant parties, which effectively reduces CUBC Bank's credit risk. The disclosure of the maximum credit exposure does not take into account any collateral held or other enhancements.

b) Judgment of significant increase in credit risk after initial recognition

i. Cathay United Bank

Cathay United Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, Cathay United Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Information on the overdue status of contract

When the contract payment is overdue for 30 days to 90 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- Auditors' opinion - adverse opinion.
- Auditors' opinion - disclaimer of opinion.
- The stock was placed in full-cash delivery stock.
- Other changes in the internal or external information on judging the credit quality changes.

Cathay United Bank established Stage 1 and Stage 2 for debt instruments based on bonds ratings. Bonds rated above investment grades are classified as low credit risks. Credit risks are deemed to have significantly increased if credit ratings decreased over specific level after initial recognition date.

ii. CUBCN Bank

CUBCN Bank assesses the movements in default risk during the expected lifetime of various types of credit assets at each reporting date to determine if the credit risk has increased significantly since the initial recognition. For the assessment, CUBCN Bank considers reasonable and corroborative information (including prospective information) that indicates a significant increase in credit risk since initial recognition. The key indicators for consideration include:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Information on the overdue status of contract

When the contract payment is overdue for less than 90 days (inclusive) at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

When the information observed at the reporting date meets the following conditions, credit risk is deemed to have increased significantly since initial recognition.

- Any financial instruments are classified as special mention.
- Information from credit records obtained from the People's Bank of China

On the reporting date, the financial instruments have not yet become overdue, but the credit subject has been classified by financial institutions as non-performing (classified as substandard, doubtful, or loss) based on the credit records obtained from the People's Bank of China and remain unsettled, or the principal and interest payments are overdue for more than 90 days.

- Other changes in the internal or external information on judging the credit quality changes.

iii. Indovina Bank

Indovina Bank assesses the movement in default risk during the expected lifetime of various types of financial assets at each reporting date to determine if credit risk has increased significantly since initial recognition:

i) Quantitative indicators

- Changes in credit rating

When the credit rating at the reporting date has decreased to some extent compared with that on initial recognition, credit risk is deemed to have increased significantly since initial recognition.

- Low credit risk criteria

An exposure rated below Moody's investment grade (i.e., the credit rating is lower than the credit rating B of Moody's, an international credit rating agency) at the reporting date would be classified as a significant increase in credit risk since initial recognition.

- Information on the overdue status of a contract

When the contract payment is overdue for 30 days at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

- Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

ii) Qualitative indicators

- Bounced checks are reported.
- Auditors have expressed significant doubt on the entity's ability to continue as a going concern.
- Other changes in the internal or external information on judging the credit quality.

iv. CUBC Bank

CUBC Bank assesses if the credit risk of financial assets at each reporting date has increased significantly since initial recognition based on the following indicators:

i) Information on the overdue status of a contract

When the contract payment is overdue for more than 15 days for short-term loans or more than 30 days for long-term loans at the reporting date, credit risk is deemed to have increased significantly since initial recognition.

ii) Loan classification from National Bank of Cambodia

A loan contract with special mention position at reporting date would be classified as a loan with significant increase in credit risk since initial recognition.

iii) Internal credit assessment indicators

For financial assets whose internal credit assessment indicators show a weaker credit quality compared to that upon initial recognition, credit risk is deemed to have increased significantly since initial recognition.

c) Default and credit impairment of financial asset

i. Cathay United Bank

Cathay United Bank's criteria for determining that a financial asset is in default is the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, Cathay United Bank determines the financial assets to be subject to default and credit impairment.

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment. Debt instruments that do not pay principal and interest according to issuance or transaction condition are determined to be credit impaired.

ii) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

- Bailout, reorganization, individual agreement due to debtor's financial difficulties.
- Lawsuit action has been taken.
- Debt settlement, debt negotiation.
- Other internal or external information on judging the deterioration in credit quality.

The aforementioned definition of default and credit impairment applies to all financial assets held by Cathay United Bank, and is consistent with the definition applied on the significant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

ii. CUBCN Bank

CUBCN Bank's criteria for determining that a financial asset is in default is the same for evaluating credit impairment of financial assets. Where one or more of the following conditions are met, CUBCN Bank determines the financial assets to be subject to default and credit impairment.

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

ii) Qualitative indicator

When the information observed at the reporting date indicates the following conditions, it is determined as credit impairment.

- Any financial instruments are classified as substandard, doubtful or loss.
- Minimum risk for clients is classified as substandard, doubtful or loss.
- Other internal rating is determined to have fallen into default level.

The aforementioned definition of default and credit impairment applies to all financial assets held by CUBCN Bank, and is consistent with the definition applied on the relevant financial assets for the purpose of internal credit risk management, and is also applied in the relevant impairment assessment model.

iii. Indovina Bank

Indovina Bank assesses the following indicators at each reporting date to determine if the financial assets are credit-impaired:

i) Quantitative indicator

- Changes in credit rating

When the credit rating at the reporting date fell into the default level, it is determined as credit impairment.

- Information on the overdue status of a contract

When the contract payment was overdue for more than 90 days at the reporting date, it is determined as credit impairment.

ii) Qualitative indicator

- Bailout, reorganization, individual agreement due to debtor's financial difficulties.
- Lawsuit action has been taken.
- Debt settlement, debt negotiation.
- The debtor has filed for bankruptcy or may apply for bankruptcy or reorganization.
- Principal or interest could not be paid as scheduled during the settlement period.
- Other internal or external information on judging the deterioration in credit quality.

iv. CUBC Bank

CUBC Bank assesses the following indicators at each reporting date to determine if the financial assets are credit impaired:

i) Information on the overdue status of a contract

When the contract payment is overdue for more than 31 days for short-term loans or more than 90 days for long-term loans at the reporting date, it is determined as credit impairment.

ii) Loan classification from National Bank of Cambodia

A loan contract with specific position, such as substandard, doubtful and loss, at reporting date would be classified as a credit-impaired loan.

iii) Internal credit assessment indicators

The credit information used for internal credit risk management purpose that indicated credit deterioration at the reporting date would be recognized as credit-impaired assets.

d) Measurement of expected credit loss

i. Cathay United Bank

For the purpose of assessing the expected credit losses, Cathay United Bank classifies the credit assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, and so on.

Credit Category	Definition
Enterprise loan	Grouped by risk characteristics, enterprise size and internal credit rating
Consumer loan	Grouped by product category and internal credit rating
Credit card	Grouped by product category and internal credit rating

When the credit risk of the financial instrument has not increased significantly after the initial recognition (Stage 1), Cathay United Bank will measure the allowance for losses at the 12-month expected credit losses. When the credit risk of the financial instrument has increased significantly (Stage 2) or credit impairment has existed (Stage 3) after the initial recognition, Cathay United Bank will measure the allowance for losses based on the lifetime expected credit losses.

For the measurement of the expected credit losses (“ECL”), Cathay United Bank calculates the 12-month ECL and lifetime ECL by multiplying three factors, i.e., probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) of the borrower over the next 12 months and the lifetime.

The PD and LGD applied in the impairment assessment of the credit business of Cathay United Bank is adjusted and calculated based on the internal information of each group of assets as well as the currently observable data and the forward-looking macroeconomic information (such as economic growth rate, etc.).

Cathay United Bank assesses the EAD of loan at the reporting date. According to internal and external information, Cathay United Bank considers the portion of the loan commitment that is expected to be drawn within 12 months after the reporting date and the lifetime, to determine the EAD for calculating the expected credit losses.

Cathay United Bank performs impairment assessment of debt instruments measured at FVTOCI and those measured at amortized cost in accordance with related requirements:

- i) The EAD is measured at the amortized cost of a financial asset plus its interest receivable.
- ii) The PD is based on the credit ratings of the bonds, guarantors, or issuers, with reference to information regularly published by Moody's, and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information (e.g., gross domestic product and economic growth rate, etc.).
- iii) The LGD is selected according to the type of debt instrument based on the information regularly published by Moody's.

ii. CUBCN Bank

For the purpose of assessing the expected credit losses, CUBCN Bank grouped the credit assets by business segments and forward-looking models:

i) Financial assets are classified into the following categories according to their assessment methods and business segments:

Business Category	Method
Loan activities and interbank borrowing business	Grouped by assessment methods and business segments
Bills forfaiting business	Grouped by assessment methods and business segments
Off-balance sheet credit business	Grouped by assessment methods and business segments
Bond business and other debt investments businesses	Grouped by assessment methods and business segments
Interbank business (excluding interbank borrowing business and debt investment activities)	Grouped by assessment methods and business segments
Other receivables	Grouped by assessment methods and business segments

ii) Financial assets are classified into non-retail on the basis of forward-looking model requirements.

a) The expected credit losses of financial instruments are measured on a case-by-case basis as follows:

- For financial instruments in Stage 1, the allowance for losses is measured by the 12-month expected credit losses.
- For financial instruments in Stage 2, the allowance for losses is measured by the lifetime expected credit losses.
- For financial instruments in Stage 3, if the single account loan balance exceeds a certain amount, the discounted cash flow method can be used for individual assessment; if individual assessment is not used, the allowance for losses is measured by the lifetime expected credit losses, and the PD is 100%.

b) The expected credit loss parameters of financial instruments are calculated according to the following principles respectively:

- The PD is based on the internal/external credit rating of the borrower or the issuer and calculated on the basis of the adjusted historical data according to the currently observable data and the forward-looking macroeconomic information.
- The LGD is based on LGD regulated in the Capital of Commercial Banks published by National Financial Regulatory Administration as a reference for the evaluation, the values are determined based on product or bond type mapping and calculated using methods such as linear interpolation.

- The EAD is measured at the current exposure method. Besides, off-balance sheet credit business also converts using credit conversion factor regulated in the Capital of Commercial Banks published by National Financial Regulatory Administration.

iii. Indovina Bank

For the purpose of assessing the expected credit losses, Indovina Bank classifies the financial assets into the following groups based on credit category, credit rating, risk characteristics, enterprise size, product category, counterparty type, and so on.

Category	Description
Loan portfolio	Grouped by counterparty type and enterprise size
Bond portfolio	Grouped by product category, credit rating and payment ranks
Cash equivalents, due from and call loans to banks	Grouped by counterparty type

i) Loan portfolio

The segmentation of Indovina Bank's loan portfolio is based on its risk characteristics, such as product class, counterparty type and enterprise size. The measurement of expected credit loss is estimated by three main parameters, including probability of default, loss given default and exposure at default. The probability of default (PD) and loss given default (LGD) were built using the Bank's historical delinquent information and recovery data and calibrated with selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the amortized cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

ii) Bond portfolio

The segmentation of Indovina Bank's bond portfolio is based on its product class, external rating and payment rank. The probability of default and loss given default were built using external information with sufficient historical default data and recovery rates and calibrated with selected global macroeconomic factor data and scenario analysis for forward-looking adjustment. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

iii) Cash equivalents, due from and call loans to banks

The segmentation of Indovina Bank's cash equivalents, due from and call loans to banks is based on its counterparty type. The probability of default is calculated using Sovereign PD of rating BB, and the loss given default is determined by the foundation approach in Basel II. The estimated amounts of exposure at default were calculated by the amortized cost and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the allowance loss shall be measured on the basis of the 12-month expected credit loss method. If financial

assets meet the conditions of significant increases in credit risk or credit deterioration since initial recognition, the allowance losses shall be estimated according to the lifetime expected credit loss method.

iv. CUBC Bank

CUBC Bank has grouped its exposures on the basis of shared credit risk characteristic, including product category and counterparty type as follows:

Category	Description
Loan	Grouped by product characteristics, industry, counterparty type and overdue days under the five-tier asset classification system
Credit card	Grouped by product characteristics and overdue days under the five-tier asset classification system

The measurement of expected credit loss of CUBC Bank's loan portfolio is based on its credit category, overdue days under the five-tier asset classification system, counterparty type and product category. The probabilities of default and loss given default were built by the internal and external historical delinquent information, LGD supervised under Basel II and calibrated by selected macroeconomic factors for forward-looking adjustment. The estimated amounts of exposure at default were calculated by the carrying amount and interest receivable. At each financial reporting date, if the above criteria for a significant increase in credit risk since initial recognition are not met, the loss allowance shall be measured on the basis of the 12-month expected credit loss method. If financial assets meet the foregoing conditions of significant increases in credit risk or credit deterioration since initial recognition, the loss allowance shall be estimated according to the respective methods on the basis of lifetime expected credit losses.

e) Write-off policy

In cases of overdue credit, if any of the following situations occur, the estimated recoverable portion should be deducted and then transferred to non-performing loans:

- i. The debtor is dissolved, absconded, settled, declared bankrupt, or for other reasons, resulting in the total or partial unrecoverability of the debt.
- ii. The collateral and the assets of the primary and secondary debtors have been appraised at a very low value or, after deducting the priority mortgage rights, it is impossible to recover, or the execution costs are close to or may exceed the recoverable amount by Cathay United Bank, rendering the execution futile.
- iii. The collateral and the assets of the primary and secondary debtors have been auctioned multiple times at reduced prices without any buyers, and Cathay United Bank have also failed to acquire any beneficial interest.
- iv. Overdue loans and collections overdue for more than two years, which remain uncollected after collection efforts.

Cathay United Bank may still be engaged in ongoing recovery activities for written-off financial assets, including overdue loans and collections, and continues to pursue legal proceedings in accordance with relevant policies.

f) Consideration of forward-looking information

Cathay United Bank

Cathay United Bank uses historical data to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment. The significant economic factors and their impact on PD differ depending on the type of financial instruments.

The significant economic factors identified by Cathay United Bank in September 30, 2025 are as follows:

Credit Category	Probability of Default (PD)
Enterprise loan	Ratio of external debt, total debt, interest, and amortization to GDP (%) Inflation rate (%)
Consumer loan	Total government debt as percent of GDP (%) Net government debt Annual growth rate of nominal GDP (%) Consumer price index
Credit card	Consumer price index

CUBCN Bank

CUBCN Bank uses historical data and rate of non-performing banking industry loans issued by the authorities to analyze and identify the significant economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression model to estimate the impairment parameter after the prospective adjustment, in order to obtain an unbiased estimate of expected credit losses.

The relevant economic factors identified by CUBCN Bank in September 30, 2025 include but are not limited to consumer price index (CPI), Housing price index and Broad money supply (M2), etc., published by the National Bureau of Statistics of China and other government authorities.

Indovina Bank

Based on the qualitative and quantitative analysis of historical data, Indovina Bank identifies the local and global economic factors that affect the credit risks and expected credit losses of each group of assets, and uses the regression models, interpolation adjustment, and historical scenario analysis to estimate the impairment parameter after the prospective adjustment. The selected economic factors and their effects on PDs varied from different types of portfolios.

The macroeconomic factors selected by Indovina Bank for the forward-looking adjustments in September 30, 2025 are as follows:

Segment	Selected Factors
Loan portfolio	Vietnam GDP growth rate
Bond portfolio	Global GDP growth rate Global inflation index

CUBC Bank

CUBC Bank establishes ECL model based on historical default and loss data and uses the regression analysis to adjust the forward-looking parameters with local macroeconomic factors by considering local risk distribution and borrowers' characteristics.

The macroeconomic factors selected by CUBC Bank for the forward-looking adjustments in September 30, 2025 are as follows:

Segment	Selected Factors
Loans	Change of GDP (%) Change of volume of imports (%) Total general government revenue as percent of GDP (%) Change in reserves
Credit card	Ratio of gross national savings to GDP (%) Ratio of the general fiscal balance (net lending/net borrowing) to GDP (%) Deflator of GDP

The valuation techniques or significant assumptions used by the Cathay United Bank and its subsidiaries for assessing the expected credit losses have no significant change as of September 30, 2025.

g) Credit risk management policy

The category of credit asset and the grade of credit quality are described as follows:

i. Category of credit asset

The credit risk of Cathay United Bank is classified into five categories. Normal credit assets are classified as "Category One". The remaining unsound credit assets are evaluated based on the status of the loan collateral and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets for which there is loss are classified as "Category Five". For managing the default credits, Cathay United Bank established the regulations governing the procedures to deal with non-performing loans, non-accrual loans and bad debts.

ii. Grade of credit quality

Cathay United Bank sets the grade of credit quality based on the characteristics and scale of business (such as establishing the internal rating model of credit risk, setting the credit rating table or relevant rules to classify credit quality) to proceed with risk management.

In order to measure the credit risk of the clients, Cathay United Bank develops the rating model of business credit by employing statistical methods and the professional judgment of the experts as well as considering the clients' relevant information. The model is reviewed periodically to verify if the calculated results conform to the reality and make necessary revision to the parameters to optimize the results.

With respect to consumer credit assets such as housing mortgages, credit cards, and small-scale credit loans, Cathay United Bank also evaluates default risk of clients by using the credit rating model developed by Cathay United Bank.

To ensure the reasonableness of the estimated values of the credit rating system's design, process, and relevant risk factors, Cathay United Bank regularly executes the relevant verification and tests the model according to the actual default so that the calculated results will be close to actual default.

Cathay United Bank evaluates the counterparties' credit quality before transactions are made and refers to the domestic and foreign credit rating agencies, when rendering different lines of credit based on the credit quality.

iii. Hedge of credit risk and easing policy

i) Collateral

Cathay United Bank adopts a series of policies to lower the credit risk, and one of the frequently-used methods is requesting borrowers to provide collateral. To ensure the creditor's rights, Cathay United Bank sets the scope of collateral and the procedures for appraising, managing, and disposing of the collateral. In addition, a credit contract stipulates the bases for credit claims, preservation of collateral, and offset provisions when a credit loss event occurs; Cathay United Bank may reduce the limit, cut down the payback period, or deem all debts as due. Also, Cathay United Bank may use the deposits that the borrowers saved in Cathay United Bank to offset the liabilities to lower the credit risk.

Other non-credit business collateral depends on the characteristics of the financial instruments. Only asset-based securities and other similar financial instruments are secured by an asset pool of financial instruments.

ii) Limit of credit risk and control of credit risk concentration

To avoid the excessive risk concentration, Cathay United Bank limits the credit amounts of single counterparties and groups; Cathay United Bank also sets the investment guide and regulation of risk control of equity investment to restrict the investment limits of single person (company) or related company (group). Furthermore, Cathay United Bank establishes relevant regulations to control the concentration risk of assets, and sets the credit limits by industry, group, country, and stock types to monitor the credit concentration risk.

iii) Net settlement agreement

Cathay United Bank usually settles by the gross balance, but signs contract with some counterparties to settle by net balance. If a default happens, Cathay United Bank will terminate all transactions with the counterparty and settle by net balance in order to lower the credit risk.

iv. Maximum exposure to credit risk

Without taking into account the collateral or other credit enhancement instruments, the maximum credit risk exposures of on-balance-sheet financial assets equals their carrying amounts. The maximum credit risk exposures of off-balance-sheet items (without considering the collateral or other credit enhancement instruments) are as follows:

i) Cathay United Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk		
	September 30, 2025	December 31, 2024	September 30, 2024
Irrevocable loan commitments	\$ 187,070,305	\$ 180,621,816	\$ 175,446,597
Unused credit card line commitments	732,486,635	723,168,332	715,744,605
Unused commercial letters of credit	6,919,054	6,860,741	6,733,399
Guarantees on duties and contracts	18,486,464	18,955,636	19,186,579

ii) Indovina Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk		
	September 30, 2025	December 31, 2024	September 30, 2024
Financial guarantee contracts	\$ 1,572,205	\$ 1,520,347	\$ 1,457,282
Unused commercial letters of credit	1,429,972	1,288,626	1,691,778

iii) CUBC Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk		
	September 30, 2025	December 31, 2024	September 30, 2024
Financial guarantee contracts	\$ 13,711	\$ 14,751	\$ 14,243
Credit card commitments	287,985	329,477	319,923
Irrevocable loan commitments	205,978	254,769	236,026

iv) CUBCN Bank

Off Balance Sheet Items	Maximum Exposure to Credit Risk		
	September 30, 2025	December 31, 2024	September 30, 2024
Financial guarantee contracts	\$ 223,629	\$ 220,701	\$ 281,009
Unused commercial letters of credit	595,496	231,377	659,980
Irrevocable loan commitments	-	-	5,852

To reduce the risk from any businesses, Cathay United Bank conducts an overall assessment and takes appropriate risk reduction measures before undertaking the business, such as obtaining collateral and guarantors, with respect to both on-balance sheet and off-balance sheet activities. For obtaining of collateral, Cathay United Bank has set Guidelines Governing Collateral to ensure that collateral meets the specific criteria and has the effect of reducing the business risk.

The management deems Cathay United Bank and its subsidiaries are able to control and minimize the credit risk exposures in off-balance-sheet items as Cathay United Bank and its subsidiaries use stricter rating procedures when extending credits and conducting reviews regularly.

The carrying amounts of the maximum credit risk exposure of on-balance-sheet items were as follows:

September 30, 2025

	Discounts and Loans				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 2,748,768,890	\$ 76,371,475	\$ 21,852,647	\$ -	\$ 2,846,993,012
Less: Allowance for impairment	(4,271,033)	(2,768,195)	(8,863,917)	-	(15,903,145)
Less: Differences of impairment loss under regulations	-	-	-	(30,348,506)	(30,348,506)
	<u>\$ 2,744,497,857</u>	<u>\$ 73,603,280</u>	<u>\$ 12,988,730</u>	<u>\$ (30,348,506)</u>	<u>\$ 2,800,741,361</u>

	Receivable				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 149,732,031	\$ 1,204,592	\$ 2,325,388	\$ -	\$ 153,262,011
Less: Allowance for impairment	(689,677)	(368,652)	(1,737,424)	-	(2,795,753)
Less: Differences of impairment loss under regulations	-	-	-	(81,920)	(81,920)
	<u>\$ 149,042,354</u>	<u>\$ 835,940</u>	<u>\$ 587,964</u>	<u>\$ (81,920)</u>	<u>\$ 150,384,338</u>

December 31, 2024

	Discounts and Loans				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 2,628,181,220	\$ 76,013,179	\$ 19,869,764	\$ -	\$ 2,724,064,163
Less: Allowance for impairment	(4,421,053)	(3,773,954)	(8,296,741)	-	(16,491,748)
Less: Differences of impairment loss under regulations	-	-	-	(28,339,740)	(28,339,740)
	<u>\$ 2,623,760,167</u>	<u>\$ 72,239,225</u>	<u>\$ 11,573,023</u>	<u>\$ (28,339,740)</u>	<u>\$ 2,679,232,675</u>

	Receivable				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 136,497,189	\$ 2,355,699	\$ 2,300,482	\$ -	\$ 141,153,370
Less: Allowance for impairment	(685,139)	(409,352)	(1,819,915)	-	(2,914,406)
Less: Differences of impairment loss under regulations	-	-	-	(73,353)	(73,353)
	<u>\$ 135,812,050</u>	<u>\$ 1,946,347</u>	<u>\$ 480,567</u>	<u>\$ (73,353)</u>	<u>\$ 138,165,611</u>

September 30, 2024

	Discounts and Loans				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 2,549,905,145	\$ 72,409,393	\$ 21,191,822	\$ -	\$ 2,643,506,360
Less: Allowance for impairment	(4,413,282)	(3,106,519)	(9,004,775)	-	(16,524,576)
Less: Differences of impairment loss under regulations	-	-	-	(27,150,587)	(27,150,587)
	<u>\$ 2,545,491,863</u>	<u>\$ 69,302,874</u>	<u>\$ 12,187,047</u>	<u>\$ (27,150,587)</u>	<u>\$ 2,599,831,197</u>

	Receivable				
	Stage 1	Stage 2	Stage 3	Differences of Impairment Loss under Regulations	Total
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Lifetime Expected Credit Losses		
Total carrying amount	\$ 136,013,456	\$ 1,419,121	\$ 2,331,505	\$ -	\$ 139,764,082
Less: Allowance for impairment	(584,984)	(406,409)	(1,813,973)	-	(2,805,366)
Less: Differences of impairment loss under regulations	-	-	-	(74,538)	(74,538)
	<u>\$ 135,428,472</u>	<u>\$ 1,012,712</u>	<u>\$ 517,532</u>	<u>\$ (74,538)</u>	<u>\$ 136,884,178</u>

v. Credit concentration risk of Cathay United Bank and its subsidiaries

When the counterparties are obviously the same party, or there are several counterparties but engaging in similar business activities and sharing similar economic characteristics, and vulnerable to the same economic impacts or other changes, the credit concentration risk is apparent.

Credit concentration risk of Cathay United Bank and its subsidiaries derives from the assets, liabilities and off-balance-sheet items, and arises from performing obligations or engaging in transactions of cross-line portfolio with risk exposures including credit extension, due from and call loans to other banks, securities investment, receivables and derivatives. Cathay United Bank and its subsidiaries does not significantly concentrate on a single client or counterparty, and the transaction amount with a single client or counterparty relative to Cathay United Bank and its subsidiaries' total bills discounts and loans does not represent a significant portion, including overdue loans, accepted bills receivable, guarantee receivable, and balance of purchased remittances. Credit concentration risk of Cathay United Bank and its subsidiaries according to industry and geographic region is listed below:

Industry Type	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Manufacturing	\$ 230,145,351	8.02	\$ 243,770,333	8.87	\$ 226,199,895	8.48
Financial institutions and insurance	157,395,053	5.48	136,557,980	4.97	133,768,319	5.02
Leasing and real estate	246,135,920	8.58	233,728,454	8.51	243,203,003	9.12
Individuals	1,888,966,086	65.82	1,802,629,834	65.62	1,748,250,207	65.57
Others	<u>347,111,843</u>	<u>12.10</u>	<u>330,298,399</u>	<u>12.03</u>	<u>314,922,837</u>	<u>11.81</u>
	<u><u>\$ 2,869,754,253</u></u>	<u><u>100.00</u></u>	<u><u>\$ 2,746,985,000</u></u>	<u><u>100.00</u></u>	<u><u>\$ 2,666,344,261</u></u>	<u><u>100.00</u></u>

Geographic Region	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 2,524,481,567	87.97	\$ 2,399,522,892	87.35	\$ 2,339,653,174	87.75
Asia	272,549,114	9.50	271,815,775	9.89	261,450,789	9.81
America	42,889,880	1.49	46,947,749	1.71	43,532,829	1.63
Others	<u>29,833,692</u>	<u>1.04</u>	<u>28,698,584</u>	<u>1.05</u>	<u>21,707,469</u>	<u>0.81</u>
	<u><u>\$ 2,869,754,253</u></u>	<u><u>100.00</u></u>	<u><u>\$ 2,746,985,000</u></u>	<u><u>100.00</u></u>	<u><u>\$ 2,666,344,261</u></u>	<u><u>100.00</u></u>

2) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk means the possible losses obtain sufficient funds at an acceptable cost in a timely manner to meet existing or impending payment obligations.

b) Liquidity risk management strategy and principles

The principle of liquidity risk management strategy of Cathay United Bank and its subsidiaries is to stabilize the liquidity of funds. The first priority of the source of funds is diversification and stability, and Cathay United Bank and its subsidiaries adopt the conservative principle to estimate the funds. The use of funds should take into account both safety and profitability, and pay attention to diversifying liquidity risks, to ensure sufficient capacity to meet payment obligations in a timely manner under both normal and specific stress scenarios. Cathay United Bank and its subsidiaries have set up an Asset and Liability Management Committee, which is responsible for planning and monitoring liquidity risk management strategy and controlling liquidity risk with risk limits from different measuring dimensions and early warning indicators. When the liquidity has or expects significant changes, relevant authorities and responsible units jointly analyze the

reasons and discuss solutions to deal with the impact of emergent events on liquidity risk. If necessary, the Asset and Liability Management Committee may be convened to discuss solutions.

c) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities.

i. Financial assets held to manage liquidity risk

Cathay United Bank and its subsidiaries holds highly marketable and diverse financial assets to meet payment obligations, i.e., assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The financial assets held to manage liquidity risk include cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at FVTPL, financial assets at FVTOCI, investments in debt instruments at amortized cost, discounts and loans, and securities purchased under resell agreements.

ii. Maturity analysis of non-derivative financial liabilities of Cathay United Bank

The table below shows the analysis of the cash outflow of non-derivative financial liabilities on the number of days remaining from the balance sheet date until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the consolidated balance sheets.

	September 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 40,944,915	\$ 25,125,440	\$ 13,533,882	\$ 214,548	\$ 79,818,785
Non-derivative financial liabilities at FVTPL	394,370	-	256,397	39,305,010	39,955,777
Notes and bonds sold under repurchase agreements	1,141,779	470,860	41,958	-	1,654,597
Payables	56,394,814	13,376,307	1,497,188	627,569	71,895,878
Deposits and remittances	886,163,401	2,047,867,474	1,208,460,281	103,693,406	4,246,184,562
Financial debentures payable	-	-	-	18,745,331	18,745,331
Lease liabilities	166,075	678,184	849,119	3,995,742	5,689,120
Other capital outflow at maturity	12,829,557	18,139,883	4,161,621	1,037,986	36,169,047

	December 31, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 35,000,773	\$ 32,062,152	\$ 36,933,981	\$ 319,704	\$ 104,316,610
Non-derivative financial liabilities at FVTPL	-	-	651,468	42,287,490	42,938,958
Notes and bonds sold under repurchase agreements	5,574,461	5,424,423	-	-	10,998,884
Payables	27,281,972	5,360,992	28,540	669,381	33,340,885
Deposits and remittances	607,389,042	1,820,392,469	1,177,739,956	122,554,863	3,728,076,330
Financial debentures payable	-	-	-	12,866,074	12,866,074
Lease liabilities	127,489	579,931	731,577	4,311,482	5,750,479
Other capital outflow at maturity	11,644,890	25,474,394	7,059,028	820,395	44,998,707

	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	\$ 42,309,970	\$ 40,513,224	\$ 18,777,305	\$ 261,339	\$ 101,861,838
Non-derivative financial liabilities at FVTPL	409,670	-	266,343	40,829,790	41,505,803
Notes and bonds sold under repurchase agreements	10,115,590	4,575,394	-	-	14,690,984
Payables	21,495,653	13,032,968	1,081,520	615,370	36,225,511
Deposits and remittances	534,456,424	1,581,413,907	1,250,984,423	136,596,789	3,503,451,543
Financial debentures payable	-	-	-	12,806,854	12,806,854
Lease liabilities	152,844	562,739	687,494	4,076,213	5,479,290
Other capital outflow at maturity	15,877,793	26,922,454	4,557,606	1,029,821	48,387,674

Additional information about the maturity analysis of lease liabilities:

	September 30, 2025	December 31, 2024	September 30, 2024
Less than 1 year	\$ 1,693,378	\$ 1,438,997	\$ 1,403,077
1-5 years	3,479,364	3,677,754	3,601,570
5-10 years	481,238	591,686	473,495
Over 10 years	35,140	42,042	1,148
	<u>\$ 5,689,120</u>	<u>\$ 5,750,479</u>	<u>\$ 5,479,290</u>

iii. Maturity analysis of derivative financial liabilities

Net settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Non-delivery forwards and cash-settled exchange options.
- ii) Interest rate derivative instruments: Swaptions, net settled interest rate swaps and other interest rate agreements.

The table below shows the net settled derivative financial instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. The analysis of contractual maturity dates illustrates all derivative financial instruments listed on the consolidated balance sheet. The amount disclosed is based on contractual cash flow and may be different from that included in the consolidated balance sheet. Maturity analysis of net settled derivative financial liabilities was as follows:

	September 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 11,079	\$ 39,505	\$ 30,763	\$ 2	\$ 81,349
Interest rate derivative instruments	<u>5,635</u>	<u>344,799</u>	<u>707,595</u>	<u>27,744,980</u>	<u>28,803,009</u>
	<u>\$ 16,714</u>	<u>\$ 384,304</u>	<u>\$ 738,358</u>	<u>\$ 27,744,982</u>	<u>\$ 28,884,358</u>
	December 31, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 114,039	\$ 156,334	\$ 46,555	\$ -	\$ 316,928
Interest rate derivative instruments	<u>370,430</u>	<u>1,071,184</u>	<u>414,297</u>	<u>31,495,966</u>	<u>33,351,877</u>
	<u>\$ 484,469</u>	<u>\$ 1,227,518</u>	<u>\$ 460,852</u>	<u>\$ 31,495,966</u>	<u>\$ 33,668,805</u>
	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments	\$ 162,298	\$ 26,013	\$ 18,887	\$ -	\$ 207,198
Interest rate derivative instruments	<u>525,697</u>	<u>1,575,825</u>	<u>559,550</u>	<u>22,652,610</u>	<u>25,313,682</u>
	<u>\$ 687,995</u>	<u>\$ 1,601,838</u>	<u>\$ 578,437</u>	<u>\$ 22,652,610</u>	<u>\$ 25,520,880</u>

Gross settled derivative financial instruments engaged by Cathay United Bank include:

- i) Foreign exchange derivative instruments: Forwards, swaps and total return exchange options;
- ii) Interest rate derivative instruments: CCS.
- iii) Credit derivative instruments: All credit default swaps are presented in gross amount, with periodic payments made to the protection seller and a one-time payment made to the protection buyer when a credit risk event occurs.

The table below shows Cathay United Bank's gross settled derivative instruments based on the number of days remaining from the balance sheet date until the contractual maturity date. Contractual maturities are evaluated to be the most basic element for understanding all the derivative financial instruments presented on the balance sheets. The disclosed amounts are based on contractual cash flows and part of the disclosed amounts are not in conformity with related items on consolidated balance sheet. Maturity analysis of gross settled derivative financial liabilities was as follows:

	September 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments					
Cash outflow	\$ (500,464,999)	\$ (454,350,152)	\$ (91,792,543)	\$ (1,831,629)	\$ (1,048,439,323)
Cash inflow	495,292,826	445,301,501	88,931,923	1,852,757	1,031,379,007
Interest rate derivative instruments					
Cash outflow	(33,211)	(1,409,704)	(8,906,627)	(11,961,315)	(22,310,857)
Cash inflow	31,984	1,317,225	8,729,034	11,444,180	21,522,423
Cash outflow subtotal	(500,498,210)	(455,759,856)	(100,699,170)	(13,792,944)	(1,070,750,180)
Cash inflow subtotal	495,324,810	446,618,726	97,660,957	13,296,937	1,052,901,430
Net cash flow	<u>\$ (5,173,400)</u>	<u>\$ (9,141,130)</u>	<u>\$ (3,038,213)</u>	<u>\$ (496,007)</u>	<u>\$ (17,848,750)</u>
	December 31, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments					
Cash outflow	\$ (351,633,161)	\$ (396,122,144)	\$ (115,798,045)	\$ (3,282,644)	\$ (866,835,994)
Cash inflow	345,326,346	385,822,850	111,307,629	3,079,256	845,536,081
Interest rate derivative instruments					
Cash outflow	(2,237,495)	(2,899,588)	(6,064,485)	(9,329,667)	(20,531,235)
Cash inflow	2,139,306	2,774,718	5,935,400	9,111,833	19,961,257
Cash outflow subtotal	(353,870,656)	(399,021,732)	(121,862,530)	(12,612,311)	(887,367,229)
Cash inflow subtotal	347,465,652	388,597,568	117,243,029	12,191,089	865,497,338
Net cash flow	<u>\$ (6,405,004)</u>	<u>\$ (10,424,164)</u>	<u>\$ (4,619,501)</u>	<u>\$ (421,222)</u>	<u>\$ (21,869,891)</u>
	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL					
Foreign exchange derivative instruments					
Cash outflow	\$ (396,326,315)	\$ (389,990,644)	\$ (97,044,981)	\$ (3,927,943)	\$ (887,289,883)
Cash inflow	391,670,827	385,750,672	96,854,957	3,978,509	878,254,965
Interest rate derivative instruments					
Cash outflow	(128,933)	(5,920,047)	(201,243)	(7,263,498)	(13,513,721)
Cash inflow	127,180	5,763,074	187,721	7,131,524	13,209,499
Cash outflow subtotal	(396,455,248)	(395,910,691)	(97,246,224)	(11,191,441)	(900,803,604)
Cash inflow subtotal	391,798,007	391,513,746	97,042,678	11,110,033	891,464,464
Net cash flow	<u>\$ (4,657,241)</u>	<u>\$ (4,396,945)</u>	<u>\$ (203,546)</u>	<u>\$ (81,408)</u>	<u>\$ (9,339,140)</u>

iv. Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of off-balance-sheet items for Cathay United Bank based on the number of days remaining from the balance sheet date until the contractual maturity date. This analysis is presented according to the earliest period in which each item may be required for payment or guarantee fulfillment.

- i) Irrevocable commitments: Include Cathay United Bank's irrevocable loan commitments and credit card commitments.
- ii) Financial guarantee contracts: Cathay United Bank acts as a guarantor or an issuer of standby letter of credit.

Maturity analysis of off-balance sheet items is shown as follows:

	September 30, 2025				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 187,070,305	\$ -	\$ -	\$ -	\$ 187,070,305
Unused credit card line commitments	732,486,635	-	-	-	732,486,635
Financial guarantee contracts	25,405,518	-	-	-	25,405,518

	December 31, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 180,621,816	\$ -	\$ -	\$ -	\$ 180,621,816
Unused credit card line commitments	723,168,332	-	-	-	723,168,332
Financial guarantee contracts	25,816,377	-	-	-	25,816,377

	September 30, 2024				
	0-30 Days	31-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments	\$ 175,446,597	\$ -	\$ -	\$ -	\$ 175,446,597
Unused credit card line commitments	715,744,605	-	-	-	715,744,605
Financial guarantee contracts	25,919,978	-	-	-	25,919,978

3) Market risk

a) Source and definition of market risk

Market risk primarily arises from changes in the prices of financial instruments such as interest rates, exchange rates, or equity securities, which may result in gains or losses for Cathay United Bank.

Cathay United Bank organized market risk management department and the committee of assets and liabilities management. The department and the committee periodically examine Cathay United Bank's structure of assets and liabilities; plan the pricing principle of deposit and loan and financing, and uses medium and long term funding schemes. While executing the market risk management, the market risk management department periodically provides the related information of management and reports to the authorized managers of Cathay United Bank for the management system, such as evaluating position, risk limit management, calculation of profit and loss, pricing model and risk analysis, in order to control the overall market risk.

b) Market risk management strategy and process

i. Identification and measurement

The operations department and risk management department of Cathay United Bank identify the market risk factors of risk exposure position, and measure the market risk. Market risk factors are the components that could have an impact on the value of financial instrument, such as interest rates, foreign exchange rates, equity securities price, etc., including position, gain and loss, stress testing, sensitivity (DV01, Delta, Vega, etc.) and Value at Risk (VaR) etc., are used to measure the extent of investment portfolio loss that is influenced by market risk factors.

ii. Monitoring and reporting

The risk management department periodically reports the execution of market risk management targets, position and gain/loss control, sensitivity analysis, stress testing, and VaR to the board of directors and helps the board of directors to fully understand the status of market risk management. Cathay United Bank also establishes a clear reporting process. Each transaction has requirements about limitations and stop-loss points. Once the transaction reaches its stop-loss limitation, corresponding measures will be implemented immediately. In special circumstances, the transaction department should document the response plan, report it to the executive management for approval and report it to the board of directors regularly.

c) Risk management policy of the trading book

The trading book is the portfolio of financial instruments and physical investments for the purpose of trading or the hedge on the trading book. Portfolio is held for trading for the purpose of earning profit from the bid-ask spread. Any positions aside from the above trading book will be in the banking book.

i. Strategy

In order to control market risk effectively and ensure flexibility in operating the transaction strategy, Cathay United Bank carries out various assessment and control procedures. The portfolio of trading book has the risk limit for each investment portfolio which is set according to the transaction strategy, category of investment and the annual profit target.

ii. Policy and procedure

Cathay United Bank sets the “Rules of Market Risk Management” as the important regulation that should be complied with when holding the trading portfolio.

iii. Valuation policy

If the financial instruments of trading book have market values, they should be evaluated at least once each day based on information from independent source and easily accessible sources. If the financial instruments are evaluated by a model, a mathematical model should be used prudently, and the assumptions and parameters of the valuation model should be regularly reviewed and examined.

iv. Risk measuring methods

- i) Value-at-risk (VaR): The assumptions and calculation method are described in the VaR section of the trading books.
- ii) Sensitivity analysis: The assumptions and calculation methods are described in the section on market risk sensitivity analysis.
- iii) Cathay United Bank executes the stress testing monthly and reports the results regularly to the risk management committee.

d) Interest risk management of trading book

i. Definition of interest risk

Interest risk is the risk that the trading portfolios suffer losses or the fair value changes due to fluctuations in interest rates. The main instruments include the securities and derivatives that are related to interest rates.

ii. Interest risk management procedure of trading book

Cathay United Bank prudently chooses its investment target by studying the credibility, financial position of the securities issuers, the sovereign risk and the trend of interest rates of the country. According to the operating strategy and the circumstances of the market, Cathay United Bank sets the transaction limit and stop-loss limit (including the limits of dealing room, traders, and investment, etc.) of the trading book that are reported to the executive management or the board of directors for approval.

iii. Method of measurement

The management of trading book interest rate risk is primarily based on positions and profit and loss.

e) Interest risk management of banking book

The interest risk of banking book means that adverse changes in interest rates affect the value and cash flow of the banking book position, resulting in current or potential risks to Cathay United Bank's capital and earnings.

i. Strategy

Based on the principle of prudent operation and conservation, the first priority is on the diversification and stability of assets and liabilities, and then on safety and profitability, and Cathay United Bank and its subsidiaries should pay attention to risk diversification.

ii. Management procedure

Cathay United Bank and its subsidiaries have established interest risk indicators of banking book to control the banking book interest risk. If the indicators are abnormal, the possible offset treatment should be evaluated and reported to the Asset and Liability Management Committee to review the asset and liability structure and pricing principles, so as to reduce or control the adverse impact on earnings or net worth.

iii. Method of measurement

Measurement methods of banking book interest risk include repricing gap analysis, earnings viewpoint (Δ NII) analysis, and economic value viewpoint (Δ EVE) analysis. Cathay United Bank and its subsidiaries adopt appropriate measurement methods to manage banking book interest risk in accordance with local regulatory requirements or internal management needs.

f) Foreign exchange risk management

i. Definition of foreign exchange risk

Foreign exchange risk is the gain/loss caused by two currencies exchange at different times. Cathay United Bank's foreign exchange risk arises from the derivative instruments, such as spot exchange, forward exchange and foreign exchange option, etc.

ii. Policy, procedure and measurement method of foreign exchange risk management

In order to control foreign exchange risk, Cathay United Bank sets the limits of positions and stop-loss limits for the dealing room and traders. Meanwhile, Cathay United Bank also sets the maximum annual loss limit to control the loss within the tolerable extent. Foreign exchange risk is primarily managed based on positions and profit and loss.

g) Risk management of equity securities price

i. Definition of risk of equity securities price

The risk of equity securities held by Cathay United Bank includes the individual risk and general market risk of price fluctuation caused by overall market factors.

ii. Purpose of risk management of equity securities price

The purpose is to avoid the massive fluctuation of equity securities price that worsens Cathay United Bank's financial situation or earnings, as well as to raise the operating efficiency of capital and strengthen the business operation.

iii. Procedure of risk management of equity securities price

Cathay United Bank sets limits on market risk in addition to the country, industries and companies. The above limitations are approved by the board of directors. Once the transaction reaches its stop-loss limitation, a response will be implemented immediately. In special circumstances, the transaction department should document the reason plan, report to the executive management for approval and report to the board of directors regularly.

iv. Measurement method

The risk of equity securities price in trading book is mainly controlled by positions and profit and loss.

h) Value-at-risk of the trading books

Value-at-risk (VaR) is Cathay United Bank's tool to control market risk. VaR is a statistical measure that assesses potential losses of financial instruments caused by changes in risk factors over a specified period of time and at a specific level of statistical confidence. Cathay United Bank applies historical simulation with a statistical confidence of 99%. The following form indicates the VaR which is the estimation of potential amount of loss within one day. The statistical confidence of 99% represents the possible fluctuations that would be included in assumed adverse market changes. Based on the assumption, the VaR may exceed the amounts listed in 1 of 100 days due to the price changes in the market. The overall VaR in the market may be less than the aggregate VaR of individual market risk factors.

September 30, 2025				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 212,610	\$ 383,249	\$ 57,438	\$ 58,791
Foreign exchange	126,333	492,395	37,008	107,597
Equity securities price	344,795	627,569	20,645	20,645
Commodity	665	2,976	110	352

December 31, 2024				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 392,644	\$ 633,802	\$ 263,214	\$ 309,850
Foreign exchange	64,606	255,079	16,930	55,406
Equity securities price	335,498	487,862	186,943	487,862
Commodity	156	789	-	164

September 30, 2024				
Factors of Market Risk	Average	Maximum	Minimum	Ending
Interest rate	\$ 459,873	\$ 740,017	\$ 268,732	\$ 291,514
Foreign exchange	62,528	172,545	16,930	37,706
Equity securities price	273,709	443,316	147,902	388,858
Commodity	74	430	-	244

Cathay United Bank transacts derivative contracts within the allowed market risk limit. The objectives of trading derivative instruments are to meet customers' hedging and trading needs or to manage Cathay United Bank's exposure to risks and to generate revenues through trading activities.

i) Market risk stress testing

Stress testing is a method that assumes significant extreme scenarios to measure the potential losses of a risk asset portfolio. Cathay United Bank takes into consideration various types of risk factors for holding positions during market risk stress testing and the results will be reported to the executive management regularly.

Stress Testing				
Market/Product	Scenarios	September 30, 2025	December 31, 2024	September 30, 2024
Stock market	Domestic stock exchanges +15%	\$ 46,907	\$ 2,209,093	\$ 1,805,987
	Domestic stock exchanges -15%	(46,907)	(2,209,093)	(1,805,987)
	Overseas stock exchanges +20%	-	39,970	95,008
	Overseas stock exchanges -20%	-	(39,970)	(95,008)
Interest rate/bond market	Major interest rate +150bps	(2,237,676)	(4,457,943)	(4,019,783)
	Major interest rate - 150bps	1,661,263	3,794,468	2,994,735
Foreign exchange market	Major currencies +5%	(173,462)	604,692	404,605
	Major currencies -5 %	173,462	(604,692)	(404,605)
Commodity market	Commodity price +25%	(2,062)	(615)	1,179
	Commodity price -25%	2,062	615	(1,179)

Note: The information of stress testing is defined by market risk management.

j) Market risk sensitivity analysis

i. Interest rate risk

Assuming parallel shifts in the yield curves, the impact on the present value of interest rate products (such as government bonds, corporate bonds, interest rate swaps, interest rate caps and floors, and interest rate swap options).

ii. Foreign exchange risk

The impact of currency exchange rate fluctuation on the profit and loss of the foreign exchange portfolios (such as forward exchange transactions and currency swaps).

iii. Equity securities price risk

The impact of equity security price fluctuations on the profit and loss of equity products (such as stocks and stock index options).

iv. Commodity risk

The impact on gains or losses resulted from changes in the prices of underlying commodities (carbon credits, crude oil, etc.) associated with commodity positions (such as commodity futures, commodity swaps, etc.).

Risk Factors	Changes (+/-)	September 30, 2025	
		Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency+ 1%	\$ (34,692)	\$ -
	Exchange rate of each currency - 1%	34,692	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift+1bp	(14,918)	-
	Yield curves parallel shift - 1bp	11,075	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price +1%	3,127	-
	Equity securities price -1%	(3,127)	-
Commodity factor sensitivity	Commodity price +1%	(82)	-
	Commodity price -1%	82	-
December 31, 2024			
Risk Factors	Changes (+/-)	Sensitivity of Profit or Loss	
		Sensitivity of Equity	
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency+ 1%	\$ 120,938	\$ -
	Exchange rate of each currency - 1%	(120,938)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift+1bp	(29,720)	-
	Yield curves parallel shift - 1bp	25,296	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price +1%	13,119	136,152
	Equity securities price -1%	(13,119)	(136,152)
Commodity factor sensitivity	Commodity price +1%	(25)	-
	Commodity price -1%	25	-

Risk Factors	Changes (+/-)	September 30, 2024	
		Sensitivity of Profit or Loss	Sensitivity of Equity
Foreign exchange rate factor sensitivity (FX Delta)	Exchange rate of each currency+ 1%	\$ 80,921	\$ -
	Exchange rate of each currency - 1%	(80,921)	-
Interest rate factor sensitivity (PVBP)	Yield curves parallel shift+1bp	(26,799)	-
	Yield curves parallel shift - 1bp	19,965	-
Equity securities price factor sensitivity (Equity Delta)	Equity securities price +1%	4,473	120,677
	Equity securities price -1%	(4,473)	(120,677)
Commodity factor sensitivity	Commodity price +1%	47	-
	Commodity price -1%	(47)	-

Note: The information of sensitivity analysis is defined by market risk management.

Cathay Century and its subsidiaries

Cathay Century and its subsidiaries' major financial instruments include equity and debt investments, derivatives, receivables and payables. The major risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

Market risk is the risk resulting from changes in market risk factors, such as exchange rate, product price, interest rate, credit spread, and stock price, which may decrease Cathay Century and its subsidiaries' income or value of investment portfolio.

Cathay Century and its subsidiaries continues to use market risk management tools such as value at risk ("VaR") and stress testing to completely and effectively measure, monitor and manage market risk.

a) Value at Risk

VaR is used to measure the maximum potential loss of a portfolio in a given period and confidence level when the market risk factors change. Cathay Century and its subsidiaries calculate VaR on the next day (week or two weeks) at 99% confidence level.

b) Stress testing

In addition to the VaR model, Cathay Century and its subsidiaries periodically use stress testing to assess the potential risk of extreme and abnormal events.

Cathay Century and its subsidiaries conduct stress testing regularly on positions by simple sensitivity analysis test and scenario analysis. Such tests cover the losses on positions resulting from changes of various risk factors in various historical scenarios.

i. Simple sensitivity test

Simple sensitivity test measures the changes in the value of the investment portfolio caused by specific risk factors.

ii. Scenario analysis

Scenario analysis measures the changes in the total value of the investment portfolio under a stress event, including the follows scenarios:

i) Historical scenario

By considering the fluctuations in risk factors during a specific historical event, Cathay Century and its subsidiaries evaluate whether the event would result in losses to the current investment portfolio in the event.

ii) Hypothetical scenario

Cathay Century and its subsidiaries simulate rational expectations for possible extreme market changes to evaluate the losses incurred for the investment positions by considering the fluctuations in related risk factors and the relevance between the investment targets and the risk factors.

The risk management department performs stress testing with historical and hypothetical scenarios regularly. Cathay Century and its subsidiaries' risk analysis, early warning, and business management are in accordance with the stress testing report.

Table of Stress Testing

Risk Factors	Changes (+/-)	September 30, 2025	December 31, 2024	September 30, 2024
Equity price risk (index)	-10%	\$ (1,333,686)	\$ (1,369,416)	\$ (1,325,192)
Interest rate risk (yield curve)	+20bps	(185,601)	(166,666)	(176,449)
Foreign currency risk (exchange rate)	USD exchange NTD devalue 1 dollar	(183,675)	(144,208)	(142,613)

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Information of subsidiaries is not disclosed due to immaterial effects to the consolidated financial statements.

- Foreign currency risk

Cathay Century and its subsidiaries has foreign currency-denominated assets and liabilities, which expose Cathay Century and its subsidiaries to foreign currency risk.

- Price risk

Cathay Century and its subsidiaries was exposed to equity price risk through its investments in listed shares and beneficiary certificates.

- Sensitivity analysis

For the Nine Months Ended September 30, 2025

Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 39,397	\$ 7,918
	CNY appreciates 1%	729	-
	HKD appreciates 1%	252	-
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	6,653
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(6,909)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(11)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(1,655)	(655)
Equity securities price sensitivity	Increases 1% in equity price	-	133,369

For the Year Ended December 31, 2024

Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 33,506	\$ 8,094
	CNY appreciates 1%	747	-
	HKD appreciates 1%	58	175
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	7,330
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,610)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(17)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,080)	(700)
Equity securities price sensitivity	Increases 1% in equity price	-	136,942

For the Nine Months Ended September 30, 2024

Risk Factors	Variation (+/-)	Effect on Profit and Loss	Effect on Equity
Foreign currency risk sensitivity	USD appreciates 1%	\$ 32,239	\$ 7,784
	CNY appreciates 1%	744	-
	HKD appreciates 1%	229	-
	EUR appreciates 1%	9	-
	VND appreciates 1%	-	7,215
Interest rate risk sensitivity	Yield curve (USD): Upward parallel shift by 1bp	(5,606)	-
	Yield curve (CNY): Upward parallel shift by 1bp	(19)	-
	Yield curve (NTD): Upward parallel shift by 1bp	(2,464)	(728)
Equity securities price sensitivity	Increases 1% in equity price	-	132,519

Note 1: Change in credit spread is not considered.

Note 2: The effect of hedging is considered.

Note 3: Impacts of changes in profit or loss are not included in those of changes in equity.

Note 4: Information of subsidiaries is not disclosed due to immaterial effects to the consolidated financial statements.

2) Credit risk

a) Sources of credit risk

Cathay Century and its subsidiaries' credit risk exposure of financial transactions include issuer credit risk, counterparty credit risk and credit risk of underlying assets.

- i. Issuer's credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses on debt instruments or bank savings because the issuers (guarantors), borrowers or banks are not able to perform repayment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk that Cathay Century and its subsidiaries may suffer financial losses because the counterparty does not perform its obligation to settle or pay at the appointed date.
- iii. Credit risk of the underlying assets is the risk that Cathay Century and its subsidiaries may suffer losses due to deterioration of the credit quality, increase in credit spread, downgrade or breach of any contract terms of underlying assets linked to financial instruments.

b) Credit concentration risk analysis

- i. Regional distribution of maximum risk exposure for Cathay Century and its subsidiaries' financial assets:

September 30, 2025

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 12,783,632	\$ -	\$ -	\$ -	\$ 302,664	\$ 13,086,296
Financial assets at FVTPL	448,292	-	-	-	-	448,292
Financial assets at FVTOCI	657,078	-	-	-	-	657,078
Financial assets at amortized cost	3,084,310	398,106	857,733	5,636,760	1,209,538	11,186,447
Total	\$ 16,973,312	\$ 398,106	\$ 857,733	\$ 5,636,760	\$ 1,512,202	\$ 25,378,113
Proportion	66.88%	1.57%	3.38%	22.21%	5.96%	100%

December 31, 2024

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 10,813,135	\$ -	\$ -	\$ -	\$ 329,791	\$ 11,142,926
Financial assets at FVTPL	258,337	-	-	-	-	258,337
Financial assets at FVTOCI	654,599	-	-	-	-	654,599
Financial assets at amortized cost	3,051,541	194,940	685,430	5,083,953	1,323,610	10,339,474
Total	\$ 14,777,612	\$ 194,940	\$ 685,430	\$ 5,083,953	\$ 1,653,401	\$ 22,395,336
Proportion	65.99%	0.87%	3.06%	22.70%	7.38%	100.00%

September 30, 2024

Financial Assets	Taiwan	Asia	Europe	North Americas	Emerging Market and Others	Total
Cash and cash equivalents	\$ 9,575,810	\$ -	\$ -	\$ -	\$ 336,373	\$ 9,912,183
Financial assets at FVTPL	271,084	-	-	-	-	271,084
Financial assets at FVTOCI	662,364	-	-	-	-	662,364
Financial assets at amortized cost	3,039,566	188,173	662,069	4,721,363	1,937,417	10,548,588
Total	\$ 13,548,824	\$ 188,173	\$ 662,069	\$ 4,721,363	\$ 2,273,790	\$ 21,394,219
Proportion	63.33%	0.88%	3.09%	22.07%	10.63%	100.00%

c) Determinants for whether the credit risk has increased significantly since initial recognition

- i. Cathay Century and its subsidiaries assess at each reporting date whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, Cathay Century and its subsidiaries consider reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit ratings, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
- ii. If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.

d) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of Cathay Century and its subsidiaries is the same as a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs and a financial asset is credit-impaired:

- i. Quantitative factor: When contractual payments are more than 90 days past due, a default occurs and a financial asset is credit-impaired.

- ii. Qualitative factors: An evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers and borrowers have entered bankruptcy or are probable to enter bankruptcy or financial reorganization.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
 - iii) The collaterals of the borrowers are seized provisionally or enforced.
 - iv) The borrowers claim for a change of credit conditions due to financial difficulties.
- iii. The above-mentioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by Cathay Century and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to related impairment assessment model.
- e) Measurement of expected credit losses
 - i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Century and its subsidiaries measure the loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit-impaired, Cathay Century and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Century and its subsidiaries multiply exposure at default by the 12-month and lifetime probability of default of issuers, guarantee agencies or borrowers and loss given default. Cathay Century and its subsidiaries also considers the effect of the time value of money when calculating the 12-month and lifetime expected credit losses.

The default rate is the rate that a default occurs on issuers, guarantee agencies and borrowers, while the loss given default is the loss rate that resulted from the default of issuers, guarantee agencies and borrowers. The loss given default used by Cathay Century and its subsidiaries in impairment assessment is based on information regularly issued by Moody's, while the probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (for example, gross domestic product and economic growth rate) with adjustments of historical data. The exposure at default is measured at amortized cost and interest receivables of the financial assets.
 - ii. Consideration of forward-looking information

Cathay Century and its subsidiaries take forward-looking information into consideration when measuring expected credit losses of the financial assets.

f) Gross carrying amount of maximum credit risk exposure and category of credit quality

i. Financial assets of Cathay Century and its subsidiaries

September 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 657,078	\$ -	\$ -	\$ -	\$ -	\$ 657,078
Financial assets at amortized cost	11,199,981	-	-	-	-	(13,534)
<u>December 31, 2024</u>						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 654,599	\$ -	\$ -	\$ -	\$ -	\$ 654,599
Financial assets at amortized cost	10,353,528	-	-	-	-	(14,054)
<u>September 30, 2024</u>						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
<u>Investment grade</u>						
Debt instruments at FVTOCI	\$ 662,364	\$ -	\$ -	\$ -	\$ -	\$ 662,364
Financial assets at amortized cost	10,563,029	-	-	-	-	(14,441)

Note: Investment grade assets refer to those with credit ratings of at least BBB-; non-investment grade assets are those with credit rating lower than BBB-.

ii. Secured loans of Cathay Century and its subsidiaries

September 30, 2025						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
Secured loans	\$ 71,599	\$ -	\$ -	\$ -	\$ -	\$ (1,013)
<u>December 31, 2024</u>						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
Secured loans	\$ 97,850	\$ -	\$ -	\$ -	\$ -	\$ (1,399)
<u>September 30, 2024</u>						
	Stage 1		Stage 2		Stage 3	
	12-month Expected Credit Losses	Lifetime Expected Credit Losses		Lifetime Expected Credit Losses	Purchased or Originated Credit-impaired Financial Assets	Loss Allowance
Secured loans	\$ 105,056	\$ -	\$ -	\$ -	\$ -	\$ (1,483)

g) Reconciliation for loss allowance is summarized below:

i. Debt instruments at FVTOCI

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2025	\$ 51	\$ -	\$ -	\$ -	\$ 51
Changes in models/risk parameters	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
September 30, 2025	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2024	\$ 42	\$ -	\$ -	\$ -	\$ 42
Changes in models/risk parameters	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
September 30, 2024	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>

ii. Financial assets measured at amortized cost

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2025	\$ 14,054	\$ -	\$ -	\$ -	\$ 14,054
Changes in models/risk parameters	<u>(520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(520)</u>
September 30, 2025	<u>\$ 13,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,534</u>

	12-month Expected Credit Losses	Lifetime Expected Credit Losses			Total of Impairment Charged in Accordance with IFRS 9
		Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	
January 1, 2024	\$ 14,182	\$ -	\$ -	\$ -	\$ 14,182
Changes in models/risk parameters	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>
September 30, 2024	<u>\$ 14,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,441</u>

iii. Secured loans

	Lifetime Expected Credit Losses						Total	
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets		
January 1, 2025	\$ 10	\$ -	\$ -	\$ -	\$ 10	\$ 1,389	\$ 1,399	
Changes in model/risk parameters	(6)	-	-	-	(6)	-	(6)	
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	(380)	(380)	
September 30, 2025	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,009</u>	<u>\$ 1,013</u>	

	Lifetime Expected Credit Losses						Total	
	12-month Expected Credit Losses	Collectively Assessed	Not Purchased or Originated Credit- impaired Financial Assets	Purchased or Originated Credit- impaired Financial Assets	Total of Impairment Charged in Accordance with IFRS 9	Difference from Impairment Charged in Accordance with Guidelines for Handling Assessment of Assets		
January 1, 2024	\$ 13	\$ -	\$ -	\$ -	\$ 13	\$ 1,742	\$ 1,755	
Changes in model/risk parameters	(9)	-	-	-	(9)	(263)	(272)	
Difference from impairment charged in accordance with Guidelines for Handling Assessment of Assets	-	-	-	-	-	-	-	
September 30, 2024	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1,479</u>	<u>\$ 1,483</u>	

There were no significant changes in loss allowance due to significant changes in the gross carrying amounts of the financial instruments.

h) Exposure to credit risk and loss allowance of receivables

Cathay Century and its subsidiaries apply the simplified approach to providing for expected credit loss prescribed by IFRS 9, are based upon the lifetime expected credit losses under the simplified approach. Loss allowance measured by a provision matrix under a simplified approach is as follows:

September 30, 2025	Due	Overdue	Total
Carrying amount	\$ 2,491,651	\$ 1,047,938	\$ 3,539,589
Expected credit loss rate	0.99%	2.01%	
Lifetime expected credit losses	\$ 24,750	\$ 21,019	\$ 45,769

December 31, 2024	Due	Overdue	Total
Carrying amount	\$ 2,031,028	\$ 905,692	\$ 2,936,720
Expected credit loss rate	0.98%	2.03%	
Lifetime expected credit losses	\$ 19,924	\$ 18,353	\$ 38,277

September 30, 2024	Due	Overdue	Total
Carrying amount	\$ 2,258,031	\$ 1,047,445	\$ 3,305,476
Expected credit loss rate	1.02%	2.02%	
Lifetime expected credit losses	\$ 23,093	\$ 21,165	\$ 44,258

3) Liquidity risk

a) Sources of liquidity risk

The liquidity risks of the financial instruments are classified as funding liquidity risk and market liquidity risk. Funding liquidity risk represents the default risk of being unable to turn assets into cash or obtain sufficient funds to meet matured obligations. Market liquidity risk represents the risk of significant changes in fair value when dealing with or offsetting positions held due to insufficient market depth or disorder.

b) Liquidity risk management

Cathay Century and its subsidiaries established a completed capital liquidity management mechanism by assessing the business features, monitoring short-term cash flow, and considering the trading volume and holding position to carefully manage the market liquidity risk.

According to the actual management need or special situations, Cathay Century and its subsidiaries use cash flow model and stress testing to assess cash flow risk. Moreover, Cathay Century and its subsidiaries have drawn up a plan for capital requirements with respect to abnormal and emergency conditions to deal with significant liquidity risk.

The analysis of cash outflows to Cathay Century and its subsidiaries is listed below and based on the residual terms to maturity on the balance sheet date. The disclosed amounts are prepared in accordance with contract cash flows and, accordingly for certain line items, the disclosed amounts are different to the amounts on consolidated balance sheets.

The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

September 30, 2025

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,626,153	\$ 40,909	\$ 16,223	\$ 43,713	\$ 6,721
Lease liabilities	86,587	78,904	138,377	40,262	15,129
<u>Derivative financial liabilities</u>					
Swap	3,848,668	2,812,979	-	-	-

December 31, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,299,934	\$ 35,732	\$ 12,275	\$ 40,811	\$ 6,638
Lease liabilities	84,424	40,124	23,766	38,794	16,533
<u>Derivative financial liabilities</u>					
Swap	3,085,681	648,767	-	-	-

September 30, 2024

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Payables	\$ 4,449,818	\$ 21,898	\$ 16,568	\$ 39,847	\$ 6,615
Lease liabilities	83,061	73,038	27,558	42,734	17,001
<u>Derivative financial liabilities</u>					
Swap	3,085,681	648,767	-	-	-

Cathay Securities and its subsidiaries

1) Risk management system

a) Risk management objectives

Adhering to the risk management policies of the Company, Cathay Securities and its subsidiaries manage the risks during its operating activities in compliance with domestic and foreign regulations as well as in an efficient and flexible manner to maximize the profit.

b) Risk management policies

Cathay Securities and its subsidiaries comply with the risk management policies as a guiding principle to establish significant risk management matters such as objectives, coverage, organization duties and operating, management principles and reports.

The management policies of Cathay Securities and its subsidiaries cover different types of risk including market risk, credit risk, operating risk, liquidity risk, capital adequacy management, regulation risk and other risks related to operating activities. Before initiating a business, Cathay Securities and its subsidiaries identify relevant risks and have integrated planning of risk management mechanism and methods to ensure that such business is compliant with the management policies.

c) Risk management organization

i. Board of directors

The board of directors takes the ultimate responsibilities for risk management. The board of directors approves the risk management policy, ensures that approved risk management policies are in accordance with the nature of operating activities and types of business and cover different types of risk and monitors the effective implementation of risk management policies.

ii. Risk management committee

The risk management committee is responsible for reviewing risk management policies, principles, and rules of trading transactions, and for determining the appropriate degree of risk exposure and monitoring the implementation of the risk management policies. The risk management committee is under the board of directors and the chairman of board of directors takes chair of the committee, and the members include the general manager, department supervisor, director for compliance matters, information security officer, finance supervisor, accounting manager, risk management supervisor, and strategic planning supervisor. The meetings of the committee are typically held quarterly and provisional meetings are called by the chairman of the board.

iii. Risk management department

The risk management department is under the board of directors. The supervisor and staff of the department are prohibited from holding positions at the trading or settlement department. Their responsibilities are to plan and implement risk management policies, principles and directions, review policies regularly to ensure that those policies are suitable for business development. The risk management department also establishes online monitoring and prevention systems and reaction mechanisms, according to the development of Cathay Securities and its subsidiaries.

iv. Business unit

Each business unit participates in the setting of the risk management mechanism and executes daily risk management and reporting to ensure that the risk model used by the business unit is implemented with the consistent credibility and is in accordance with the internal control procedures to comply with the regulations and risk management policies.

v. Auditing office

The auditing office executes risk management and internal control procedures regularly, and traces and documents findings and deviations of internal control procedures periodically to ensure that the appropriate actions of improvement have been taken in time.

vi. Finance department

The finance department participates in the setting of the risk management mechanism. The department is responsible for executing liquidity risk management and providing the liquidity risk report to the risk management department regularly.

vii. Accounting department

The accounting department participates in the setting of the risk management mechanism and provides the form of capital adequacy to the risk management department monthly.

viii. Legal affairs office

The legal affairs office executes legal risk management to ensure that business operations and risk management procedures are all in compliance with the regulations.

d) Risk management workflows

Risk management workflow for Cathay Securities and its subsidiaries includes risk identification, risk measurement, risk management mechanism, and risk reporting. Risk assessment and response strategies to each risk are addressed as follows:

i. Market risk

ii) Definition

Market risk is the risk of losses in Cathay Securities and its subsidiaries' investment positions, including shares, bonds, and derivatives etc. arising from changes in the market prices of financial instruments.

ii) Controls

Cathay Securities and its subsidiaries set up rules of trading transactions including the limits of authorization, risk limitation, stop-loss rules, and responses to the exceeded limits by each product or service line and implement those control procedures efficiently through the front desk risk control staff and on-line monitoring system. Furthermore, Cathay Securities and its subsidiaries provide the market risk management report regularly that includes market price assessments, the dollar amounts of surplus/shortfall and arbitrage, Value at Risk, and back-testing model and perform stress testing by each extreme scenario to control the risks that Cathay Securities and its subsidiaries face and manage all risks as a whole efficiently.

ii. Credit risk

i) Definition

Credit risk is the risk of loss incurred by Cathay Securities and its subsidiaries as a result of a counterparty or debtor not being able to perform its contract obligations due to deterioration of financial conditions or other factors.

ii) Controls

Cathay Securities and its subsidiaries check and review the credit position of each counterparty before trading and manage risk exposure after trading. Risks arising from securities trading are monitored and controlled based on the credit rating model. Investment concentration and risks are analyzed and documented regularly. Investment limit to each counterparty is established by its credit rating (TCRI, Taiwan Ratings, S&P, Moody's, and Fitch). In addition, the customers covered by the high-risk range of self-managed credit integrity and the credit balance of the underlying account for a certain percentage of the market credit balance are regularly reviewed and the credit risk emergency notification mechanism for the Company is established.

iii. Operational risk

i) Definition

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal risk, but excludes strategy risk and credit risk.

ii) Controls

Cathay Securities and its subsidiaries establish authority levels and the segregation of duties for the processes of front, middle and back offices. Trading, confirmation, settlement, financial accounting, and trading documents are archived for future reference. The strict processes are also established to prevent fraud and negligence. Cathay Securities and its subsidiaries request each department to establish and implement internal audit and control policies authentically. The reporting mechanism for loss events from operational risk and database are established to understand the causes of the loss.

In addition, the auditing office is established under the board of directors. The functions of the office are to implement daily process checks to establish completed internal audit control and provide internal review reports periodically to lower the loss arising from the operational failures.

iv. Liquidity risk

i) Definition

Fund liquidity refers to Cathay Securities and its subsidiaries' acquisition of funds to maintain its needed flexibility to support asset growth or to repay liabilities; market liquidity refers to the managing and avoidance of risk of loss resulting from significant changes in the market price of held positions due to the lack of market depth or market disruption.

ii) Controls

The measurement index for liquidity risk is established and Cathay Securities and its subsidiaries compiles the liquidity risk management report regularly to review the capital conditions and cash flow gap as of the balance sheet date and liquidity of overall foreign currency. Capital allocation planning is based on the compiled structure analysis as of the balance sheet date. In addition, capital liquidity simulation operations are regularly conducted to ensure that there are corresponding contingency measures in the extreme situations which can cover the funding gap. Meanwhile, credit lines of short-term financing are acquired from other financial institutions and receipts and payments are managed properly to sustain appropriate liquidity and ensure payment ability. Investment business units should conduct market liquidity risk control when buying in accordance with market liquidity management index.

v. Legal risk

i) Definition

Legal risk is the risk of loss that results from a counterparty being unable to legally enter into a contract due to the contract or eligibility of the counterparty being defective.

ii) Controls

The procedures of making and reviewing legal documentation are established. All the documents related to the contracts are required to be reviewed and approved by the legal office and may be reviewed with reference to external lawyers' opinions if needed.

vi. Capital adequacy management

i) Definition

Cathay Securities and its subsidiaries implement capital management to maintain an appropriate capital adequacy ratio, promote business growth and ensure a robust capital structure.

ii) Controls

Cathay Securities established the capital adequacy index and compiles the capital adequacy management report regularly to evaluate the appropriateness of the capital adequacy ratio and the robustness of the capital structure.

vii. Reputation risk and strategy risk

i) Definition

Reputation risk is the risk of loss resulting from negative aspects of Cathay Securities and its subsidiaries' operations, leading to the loss of customers or revenue, and the need for Cathay Securities and its subsidiaries to bear large amounts of legal fees or other losses from damages. Strategy risk is another risk of current or potential loss to revenue or capital resulting from a strategy that turns out to be defective or inappropriate, or lack of proper responses to the competitors and changes in industry.

ii) Controls

In response to significant events related to reputation and strategy risk, Cathay Securities and its subsidiaries establish internal regulations to mitigate the risk of losses when significant events occur.

Risk management policies and principles are established based on the above-mentioned risks and management mechanisms from each risk source are set out specifically. Cathay Securities and its subsidiaries also establish the constraints for each risk and review the appropriateness of each constraint regularly. Moreover, the risk management implementation reports are reported to the risk management committee, board of directors, and risk management office of Cathay Securities and its subsidiaries every half year to assess risk tolerance and the appropriateness of the current risk management scheme.

e) Hedging and mitigation of risk strategies

The hedging and mitigation risk strategies for Cathay Securities and its subsidiaries refer to the implementation of dynamic hedging through the purchase and sale of target investment products to duplicate the same cash flows when derivatives mature. The hedging for outstanding stock warrants and structured products is based on the principle of Delta Neutral. If the prices of those investment positions fluctuate significantly in the financial markets, when the regulations for hedging operations are breached due to the impact from significant events, or when the risk personnel's implementation of hedging strategies are in violation of the regulations of hedging operations, the business department is required to explain in writing, report to the risk management department and be approved by general manager.

Cathay Securities and its subsidiaries establish the approval limit and stop-loss mechanism based on the attributes of each product. When the position meets the stop-loss point, the risk management department will inform the supervisor or position administrator (including e-mail) in time and monitor the change in the position. In addition, the business department should operate in accordance with the approval limits. If the stop-loss point is met, the investment should be sold or the business department is required to provide an exception report detailing the reason and specific response measures and report to the responsible supervisor for approval based on authorized decision-making powers.

2) Market risk

Cathay Securities and its subsidiaries assess, monitor, and manage market risks completely and effectively by applying market risk management tools such as sensitivity analysis, Value at Risk (“VaR”) and stress testing continuously.

a) Sensitivity analysis

Sensitivity analysis is used to measure the degree of impact on each product and investment portfolio due to fluctuations in specific market factors. The relevant monitoring and control regulations are set based on the differences in the types of risk and business attributes of Cathay Securities and its subsidiaries. The degree of risk exposure is monitored and measured by the sensitivities of interest and commodity factors:

i. Measurement based on interest factors

Price value of basis point (PVBP): Denoting the change in the value of a position given a 1 basis point change in the yield curve.

ii. Measurement based on commodity factors

- i) Delta: Measuring the change in the value of a position given a 1% price change of a certain underlying asset.
- ii) Gamma: Measuring the dollar amount of change in Delta of a position given a 1% price change of a certain underlying asset.
- iii) Vega: Denoting the change in the value of a position given a 1% price volatility change of a certain underlying asset.

b) VaR

VaR is used to measure the risk of the largest potential loss of the investment portfolio arising from movements in market risk factors over a specific time frame and at a certain confidence level. Cathay Securities and its subsidiaries currently measure the VaR of an investment portfolio for the next day at a 99% confidence level. Also, back testing of the VaR model is performed each year to ensure the accuracy of this model.

VaR on one single trading day within the 99% confidence level

	For the Nine Months Ended September 30, 2025			
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 91,873</u>	<u>\$ 178,144</u>	<u>\$ 71,455</u>	<u>\$ 81,909</u>
For the Nine Months Ended September 30, 2024				
	Average	Highest	Lowest	End of Period
VaR	<u>\$ 81,147</u>	<u>\$ 97,611</u>	<u>\$ 55,977</u>	<u>\$ 78,790</u>

c) Stress testing

Cathay Securities and its subsidiaries perform stress testing on a monthly basis to assess the degree of impact on the asset portfolio arising from foreign and domestic significant events, find the risk factors which exert greater significant influence on the asset portfolio, follow up review and report such factors according to the market conditions and customized or extreme scenarios which are performed periodically by taking rapid changes in foreign and domestic financial environments into consideration, and the maximum losses arising from these scenarios are measured to ensure that Cathay Securities and its subsidiaries manage the risk from each potential scenario effectively.

Stress testing scenarios, which include the historical scenario and hypothesis scenario, are described as follows:

i. Historical Scenario

Cathay Securities and its subsidiaries assess the dollar amount of losses for the investment portfolio by choosing a specific time frame of historical events and taking the fluctuations of risk factors into the consideration of the immediate, significant, and comprehensive impact on financial markets.

ii. Hypothesis Scenario

Cathay Securities and its subsidiaries make reasonable expected hypotheses on possible future extreme market fluctuations, include movements of the related risk factors in the current investment portfolio, and measure the loss amount generated from such events on the investment position, including the 10% drop in the total stock market value arising from the breakdown of the global system.

**September 30, 2025
Stress Test Table**

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (279,326)
Interest rate risk (yield curve)	+50bps	(323,056)
Exchange rate risk (exchange rate)	+3%	69,387
Product risk (price)	-10%	(68)

**September 30, 2024
Stress Test Table**

Risk Factor	Changes (+/-)	Changes in Profit and Loss
Equity risk (stock index)	-10%	\$ (339,567)
Interest rate risk (yield curve)	+50bps	(283,669)
Exchange rate risk (exchange rate)	+3%	(10,455)
Product risk (price)	-10%	-

3) Credit risk

a) Source of credit risk

Credit risk refers to the credit risk that Cathay Securities and its subsidiaries may encounter due to engagement in financial transactions which include the credit risks from issuers, counterparties, and underlying assets:

- i. Issuer credit risk refers to the risk of financial loss that Cathay Securities and its subsidiaries may incur as a result of issuers, guarantors or banks not fulfilling their payment obligations due to default, bankruptcy or liquidation.
- ii. Counterparty credit risk is the risk of financial loss that Cathay Securities and its subsidiaries may incur when a counterparty does not fulfill its settlement or payment obligations on the designated date.

iii. Underlying asset credit risk refers to the risk of loss that Cathay Securities and its subsidiaries may encounter when the credit quality of the target financial instrument turns weak, credit charges increase, credit rating reduces or when the terms of the contracts are violated.

Financial assets that expose Cathay Securities and its subsidiaries to credit risk include bank accounts, debt securities, trading of over-the-counter derivatives, repurchase and resale of debts, trading from the securities lending, refundable deposits, futures deposits in banks, other refundable deposits and accounts receivable etc.

- b) Determinants for whether the credit risk has increased significantly since initial recognition
 - i. Cathay Securities and its subsidiaries assess, at each reporting date, whether the credit risk of a financial instrument in the scope of impairment requirements under IFRS 9 has increased significantly since initial recognition. To make this assessment, Cathay Securities and its subsidiaries consider reasonable and supportable information (including forward-looking information) which indicates that credit risk has increased significantly since initial recognition. Main indicators include external credit rating, past due information, credit spread and other market information which shows that the credit risk related to borrowers and issuers has increased significantly.
 - ii. Low credit risk: If the credit risk at the reporting date is determined to be low, an entity can assume that the credit risk of the financial instrument has not increased significantly since initial recognition.
- c) Definitions of a default occurring on a financial asset and a credit-impaired financial asset

The definition of a default occurring on financial assets of Cathay Securities and its subsidiaries is the same as that of a credit-impaired financial asset. If one or more of the criteria below are met, a default occurs and a financial asset is credit-impaired:

- i. Qualitative factor: An evidence indicates that the issuers or borrowers cannot pay the contractual payments or that they have significant financial difficulties, for example:
 - i) The issuers, guarantee institutions or counterparties have entered bankruptcy or are probable to close, undergo financial reorganization, file bankruptcy, dissolve or have a significant impact on the entity's ability to continue.
 - ii) The borrowers fail to make interest or principal payments based on original terms and conditions.
- ii. The abovementioned definitions of a default occurring on a financial asset and a credit impairment are applicable to all financial assets held by Cathay Securities and its subsidiaries, and are aligned with those of relevant financial assets for internal credit risk management. The definitions are also applicable to the related impairment assessment model.

d) Measurement of expected credit losses

i. Methods and assumptions adopted

For financial instruments on which the credit risk has not increased significantly since initial recognition, Cathay Securities and its subsidiaries measure loss allowance for financial instruments at an amount equal to 12-month expected credit losses; for financial instruments on which the credit risk has increased significantly since initial recognition or are credit-impaired, Cathay Securities and its subsidiaries measure the loss allowance for financial instruments at an amount equal to the lifetime expected credit losses.

To measure expected credit losses, Cathay Securities and its subsidiaries multiply exposure at default by the 12-month and the lifetime probability of default of the issuers, guarantee agencies and counterparties and loss given default. Cathay Securities and its subsidiaries also consider the effect of the time value of money when calculating the 12-month expected credit losses and the lifetime expected credit losses.

Probability of default is the rate that an issuer, guarantee agency and a counterparty defaults. Loss given default is the loss rate that results from the default of issuers, guarantee agencies and counterparties. Loss given default used by Cathay Securities and its subsidiaries in impairment assessment is based on information regularly issued by Moody's. Probability of default is based on information regularly issued by Taiwan Ratings and Moody's and is determined based upon current observable information and macroeconomic information (i.e., gross domestic product and economic growth rate) after adjustments of historical data. Exposure at default is measured at the amortized cost and interest receivables of the financial assets.

ii. Consideration of forward-looking information

Cathay Securities and its subsidiaries take forward-looking information into consideration while measuring expected credit losses of the financial assets.

e) Loss allowance of accounts receivable

The movements of the loss allowance of accounts receivable were as follows:

	Debt Investments	Receivables	Other Receivables	Overdue Receivables	Securities Financing Receivables	Security Lending Receivables	Futures Trading Margin Receivables	Total
Balance on January 1, 2025	\$ 5,124	\$ 241	\$ 52	\$ 9,212	\$ 670	\$ 431	\$ 74	\$ 15,804
Increase (decrease)	790	119	15	1,788	56	1	1,400	4,169
Recoveries of credits written off	-	-	-	97	-	-	-	97
Balance on September 30, 2025	<u>\$ 5,914</u>	<u>\$ 360</u>	<u>\$ 67</u>	<u>\$ 11,097</u>	<u>\$ 726</u>	<u>\$ 432</u>	<u>\$ 1,474</u>	<u>\$ 20,070</u>
Balance on January 1, 2024	\$ 5,643	\$ 572	\$ 34	\$ 5,511	\$ 443	\$ 151	\$ 74	\$ 12,428
Increase (decrease)	(417)	(243)	12	3,848	184	202	-	3,586
Recoveries of credits written off	-	-	-	55	-	-	-	55
Written off	-	-	-	(323)	-	-	-	(323)
Balance on September 30, 2024	<u>\$ 5,226</u>	<u>\$ 329</u>	<u>\$ 46</u>	<u>\$ 9,091</u>	<u>\$ 627</u>	<u>\$ 353</u>	<u>\$ 74</u>	<u>\$ 15,746</u>

4) Capital liquidity risk:

Bank loans are important liquidity resource for Cathay Securities and its subsidiaries. As of September 30, 2025, December 31, 2024 and September 30, 2024, the unused credits of short-term bank loans of Cathay Securities and its subsidiaries amounted to \$15,255,313 thousand, \$10,886,485 thousand and \$11,172,576 thousand, respectively.

a) Cash flow analysis

Capital liquidity risk is the risk that Cathay Securities and its subsidiaries are unable to acquire sufficient capital at a reasonable cost within a reasonable time frame and which results in a cash flow gap, or the risk that Cathay Securities and its subsidiaries sell assets at a loss to meet the cash flow requirements.

September 30, 2025

Cash Flows Analysis of Financial Liabilities

	Payment Period					Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months		
<u>Financial liabilities</u>						
Short-term borrowings	\$ 521,078	\$ -	\$ -	\$ -	\$ -	\$ 521,078
Financial liabilities at FVTPL	669,669	-	-	-	-	669,669
Bonds sold under repurchase agreements	11,672,978	250,000	-	427,097	12,350,075	
Short sale margins and payables for short sale collateral received	189,037	378,074	567,111	2,268,446	3,402,668	
Securities lending margin - deposit received	41,377	82,754	124,131	496,523	744,785	
Futures trader's equity	19,875,210	-	-	-	19,875,210	
Customer rights of special account and sub-account	154,856	-	-	-	154,856	
Accounts payable	36,570,705	-	923,618	1,184,404	38,678,727	
Collection payable	1,185,115	-	-	-	1,185,115	
Other financial liabilities	14,211,699	-	-	-	14,211,699	
Lease liabilities	10,303	20,642	37,331	59,185	127,461	
Others	850,605	-	-	-	850,605	
Total	<u>\$ 85,952,632</u>	<u>\$ 731,470</u>	<u>\$ 1,652,191</u>	<u>\$ 4,435,655</u>	<u>\$ 92,771,948</u>	
% to the total	<u>92.65%</u>	<u>0.79%</u>	<u>1.78%</u>	<u>4.78%</u>	<u>100%</u>	

Short-term borrowings and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

September 30, 2025

Cash Flow Gap

	Fund Receipt Period					Total
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months		
<u>Financial assets</u>						
Cash and cash equivalents	\$ 5,970,519	\$ -	\$ -	\$ -	\$ -	\$ 5,970,519
Financial assets at FVTPL						
Operation securities	5,728,856	-	-	-	-	5,728,856
Open-end funds and beneficiary certificates	53,550	-	-	-	-	53,550
Futures trading margin	143,672	-	-	-	-	143,672
Derivative assets - OTC	10,892	-	-	-	-	10,892
Financial assets at FVTOCI - current	12,320,517	-	-	-	-	12,320,517
Bonds purchased under resale agreements	159,886	-	-	-	-	159,886
Securities financing receivables	914,385	1,818,990	2,728,485	10,913,945	16,375,805	
Refinancing margin and refinancing deposits receivable	1,047	2,094	3,141	12,558	18,840	
Security lending receivable	719,999	1,439,998	2,159,998	-	4,319,995	
Customer's margin accounts	19,904,597	-	-	-	19,904,597	
Security lending deposits price and security lending margin deposits paid	48,927	97,854	146,781	587,124	880,686	
Receivables	34,112,545	-	-	113,443	34,225,988	
Collected payment of shares underwritten	868,916	-	-	-	868,916	
Others	3,773,176	-	-	1,506,654	5,279,830	
Residual cash	<u>\$ (84,731,484)</u>	<u>\$ 3,358,936</u>	<u>\$ 5,038,405</u>	<u>\$ 13,133,724</u>	<u>\$ 106,262,549</u>	
	<u>\$ (1,221,148)</u>	<u>\$ 2,627,466</u>	<u>\$ 3,386,214</u>	<u>\$ 8,698,069</u>	<u>\$ 13,490,601</u>	

December 31, 2024

Cash Flows Analysis of Financial Liabilities

	Payment Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
Financial liabilities					
Short-term borrowings	\$ 1,592,746	\$ -	\$ -	\$ -	\$ 1,592,746
Commercial paper payable	10,444,920	6,333,856	-	-	16,778,776
Financial liabilities at FVTPL	1,650,281	-	-	-	1,650,281
Bonds sold under repurchase agreements	10,518,369	493,177	-	-	11,011,546
Short sale margins and payables for short sale collateral received	172,264	344,528	516,792	2,067,174	3,100,758
Securities lending margin - deposit received	29,591	59,182	88,773	355,099	532,645
Futures trader's equity	18,519,937	-	-	-	18,519,937
Customer rights of special account and sub-account	110,050	-	-	-	110,050
Accounts payable	21,436,560	-	77,292	1,004,178	22,518,030
Collection payable	2,318,267	-	-	-	2,318,267
Other financial liabilities	3,277,931	-	-	-	3,277,931
Lease liabilities	17,212	19,296	28,034	56,540	121,082
Others	13,222	-	-	-	13,222
Total	\$ 70,101,350	\$ 7,250,039	\$ 710,891	\$ 3,482,991	\$ 81,545,271
% to the total	<u>85.97%</u>	<u>8.89%</u>	<u>0.87%</u>	<u>4.27%</u>	<u>100%</u>

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

December 31, 2024

Cash Flow Gap

	Fund Receipt Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
Financial assets					
Cash and cash equivalents	\$ 2,947,833	\$ -	\$ -	\$ -	\$ 2,947,833
Financial assets at FVTPL					
Operation securities	10,834,089	-	-	-	10,834,089
Open-end funds and beneficiary certificates	52,976	-	-	-	52,976
Futures trading margin	1,435,616	-	-	-	1,435,616
Derivative assets - OTC	10	-	-	-	10
Financial assets at FVTOCI - current	11,154,809	-	-	-	11,154,809
Bonds purchased under resale agreements	159,643	-	-	-	159,643
Securities financing receivables	1,029,789	2,047,998	3,071,997	12,287,986	18,437,770
Refinancing margin and refinancing deposits receivable	1,748	3,496	5,244	20,980	31,468
Security lending receivable	717,865	1,435,730	2,153,595	-	4,307,190
Customer's margin accounts	18,552,843	-	-	-	18,552,843
Security lending deposits price and security lending margin deposits paid	80,873	161,746	242,619	970,475	1,455,713
Receivables	20,981,214	-	-	134,024	21,115,238
Collected payment of shares underwritten	2,206,500	-	-	-	2,206,500
Others	<u>1,432,331</u>	<u>-</u>	<u>-</u>	<u>1,529,923</u>	<u>2,962,254</u>
Residual cash	<u>\$ 1,486,789</u>	<u>\$ (3,601,069)</u>	<u>\$ 4,762,564</u>	<u>\$ 11,460,397</u>	<u>\$ 14,108,681</u>

September 30, 2024

Cash Flows Analysis of Financial Liabilities

	Payment Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
Financial liabilities					
Short-term borrowings	\$ 1,265,342	\$ -	\$ -	\$ -	\$ 1,265,342
Commercial paper payable	9,796,529	5,288,968	-	-	15,085,497
Financial liabilities at FVTPL	1,566,943	-	-	-	1,566,943
Bonds sold under repurchase agreements	9,642,013	-	-	-	9,642,013
Short sale margins and payables for short sale collateral received	143,705	287,410	431,115	1,724,456	2,586,686
Securities lending margin - deposit received	33,881	67,762	101,643	406,572	609,858
Futures trader's equity	16,041,981	-	-	-	16,041,981
Customer rights of special account and sub-account	223,520	-	-	-	223,520
Accounts payable	31,525,093	-	972,737	976,456	33,474,286
Collection payable	4,932,828	-	-	-	4,932,828
Other financial liabilities	4,188,168	-	-	-	4,188,168
Lease liabilities	11,053	19,286	30,084	43,283	103,706
Others	538,101	-	-	-	538,101
Total	\$ 79,909,157	\$ 5,663,426	\$ 1,535,579	\$ 3,150,767	\$ 90,258,929
% to the total	<u>88.53%</u>	<u>6.28%</u>	<u>1.70%</u>	<u>3.49%</u>	<u>100%</u>

Short-term borrowings, commercial paper payable and bonds sold under repurchase agreements are fund procurement instruments of Cathay Securities and its subsidiaries with maturities within three months.

September 30, 2024

Cash Flow Gap

	Fund Receipt Period				
	Less than 1 Month	1 to 3 Months	3 to 6 Months	More than 6 Months	Total
Financial assets					
Cash and cash equivalents	\$ 3,864,407	\$ -	\$ -	\$ -	\$ 3,864,407
Financial assets at FVTPL					
Operation securities	10,987,585	-	-	-	10,987,585
Open-end funds and beneficiary certificates	52,693	-	-	-	52,693
Futures trading margin	1,439,210	-	-	-	1,439,210
Derivative assets - OTC	123	-	-	-	123
Financial assets at FVTOCI - current	9,857,055	-	-	-	9,857,055
Bonds purchased under resale agreements	127,224	-	-	-	127,224
Securities financing receivables	968,488	1,925,784	2,888,676	11,554,698	17,337,646
Refinancing margin and refinancing deposits receivable	648	1,296	1,944	7,778	11,666
Security lending receivable	586,790	1,173,580	1,760,372	-	3,520,742
Customer's margin accounts	16,068,967	-	-	-	16,068,967
Security lending deposits price and security lending margin deposits paid	62,764	125,528	188,292	753,164	1,129,748
Receivables	31,174,607	-	-	92,515	31,267,122
Collected payment of shares underwritten	4,645,187	-	-	-	4,645,187
Others	1,815,273	-	-	1,598,335	3,413,608
	<u>81,651,021</u>	<u>3,226,188</u>	<u>4,839,284</u>	<u>14,006,490</u>	<u>103,722,983</u>
Residual cash	\$ 1,741,864	\$ (2,437,238)	\$ 3,303,705	\$ 10,855,723	\$ 13,464,054

b) Capital liquidity risk stress testing

Cathay Securities and its subsidiaries perform stress testing regularly to measure and evaluate the changes of capital liquidity under extreme and abnormal events to ensure that Cathay Securities and its subsidiaries maintain capital liquidity. Stress scenarios include significant fluctuations in the financial markets, the occurrence of various credit events, the unexpected tightening of capital liquidity in the financial markets and other assumptions that may cause financial liquidity stress, and are used to measure Cathay Securities and its subsidiaries' abilities to meet the demand for cash and the changes in cash flow gap.

If the cash flow gap arises under the specific stress scenario, the following procedures are performed to prevent the occurrence of the stress events:

- i. Cathay Securities and its subsidiaries make fund raising and balance sheet adjustments in accordance with the Crisis Management Principles and Regulations of Emergency Management.
- ii. Financing: (i) short-term loan credit line (ii) collateralized time deposits (iii) issuance of commercial paper
- iii. Balance sheet adjustments: (i) sale of securities (ii) recovery of short-term capital invested in the currency market.

i. Structured entities

1) Consolidated structured entities

The consolidated structured entities in Cathay Life and its subsidiaries consolidated financial statements are the real estate investments and management organizations. As of September 30, 2025, December 31, 2024 and September 30, 2024, Cathay Life and its subsidiaries all provided loans amounting to GBP331,300 thousand as financial support to the entities for operation and investment needs.

2) Unconsolidated structured entities

Cathay Life and its subsidiaries

a) Cathay Life and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Life and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay Life and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Private equity fund	Investment in private equity funds issued by external third parties to receive returns	Investment in units or limited partnership interests issued by the funds
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entities

b) As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of Cathay Life and its subsidiaries' assets related to its interests in unconsolidated structured entities are disclosed as follows:

	September 30, 2025	
	Private Equity Funds	Asset-backed Securities
Financial assets at FVTPL	\$ 183,435,036	\$ 15,531,109
Financial assets at FVTOCI	-	85,286,581
Debt instruments at amortized cost	<u>-</u>	<u>162,055,985</u>
	<u>\$ 183,435,036</u>	<u>\$ 262,873,675</u>

	December 31, 2024	
	Private Equity Funds	Asset-backed Securities
Financial assets at FVTPL	\$ 188,851,432	\$ 18,877,852
Financial assets at FVTOCI	-	55,679,591
Debt instruments at amortized cost	<u>-</u>	<u>181,848,593</u>
	<u><u>\$ 188,851,432</u></u>	<u><u>\$ 256,406,036</u></u>
	September 30, 2024	
	Private Equity Funds	Asset-backed Securities
Financial assets at FVTPL	\$ 178,785,418	\$ 19,324,193
Financial assets at FVTOCI	-	49,211,294
Debt instruments at amortized cost	<u>-</u>	<u>175,159,432</u>
	<u><u>\$ 178,785,418</u></u>	<u><u>\$ 243,694,919</u></u>

Cathay United Bank and its subsidiaries

a) Cathay United Bank and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay United Bank and its subsidiaries' maximum exposure to loss from its interests in these structured entities is limited to the carrying amount of assets Cathay United Bank and its subsidiaries recognized. The information of the recognized unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entity

b) As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of assets relating to its interests in unconsolidated structured entities are disclosed as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at FVTOCI	\$ 30,822,635	\$ 30,790,555	\$ 20,839,126
Debt instruments at amortized cost	<u>86,571,041</u>	<u>74,465,754</u>	<u>72,325,515</u>
	<u><u>\$ 117,393,676</u></u>	<u><u>\$ 105,256,309</u></u>	<u><u>\$ 93,164,641</u></u>

Cathay Century and its subsidiaries

a) Cathay Century and its subsidiaries do not provide financial support or other support to the unconsolidated structured entities. Cathay Century and its subsidiaries' maximum exposure to loss from its interests in the unconsolidated structured entities is limited to the carrying amount of assets recognized by Cathay Century and its subsidiaries. The information of the recognized unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Asset-backed securities	Investment in asset-backed securities to receive returns	Investment in asset-backed securities issued by the entity

b) As of September 30, 2025, December 31, 2024 and September 30, 2024, the carrying amounts of assets relating to its interests in unconsolidated structured entities are disclosed as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at FVTPL	\$ 287,127	\$ 318,557	\$ 341,512
Debt instruments at amortized cost	<u>267,215</u>	<u>322,496</u>	<u>313,145</u>
	<u>\$ 554,342</u>	<u>\$ 641,053</u>	<u>\$ 654,657</u>

39. CAPITAL MANAGEMENT

The Group's capital adequacy ratios meet the statutory requirements currently. Under the premise that the Group meets the statutory capital adequacy requirements, dynamic capital management mechanism is utilized to increase the capital efficiency of the subsidiaries. After reallocation of capital, the subsidiaries' capabilities of risk-taking are not affected due to lower level of retained core capital. Accordingly, the Company conducts overall planning based on the status of the subsidiaries' capital in order to improve the capital efficiency of the Group.

40. DISPOSAL OF SUBSIDIARIES

Cathay Life Insurance completed the disposal of all shares in CHL and its subsidiaries on April 3, 2024 and lost control over the subsidiaries.

a. Consideration received from disposal

	CHL and Subsidiaries
Cash and cash equivalents	\$ 252,208
Shares of Generali Investments Holding S.p.A	<u>\$ 22,484,807</u>

b. Analysis of assets and liabilities on the date control lost

	CHL and Subsidiaries
Assets	
Cash	\$ 4,039,745
Receivable	2,468,117
Current tax assets	61,216
Financial assets at FVTPL	1,693,137
Financial assets at FVTOCI	3,244
Property and equipment	1,050,842
Right-of-use asset	695,978
Goodwill	12,187,864
Intangible assets other than goodwill	3,282,654
Deferred tax assets	402,742
Other	510,866
Liabilities	
Payables	(3,177,451)
Lease liabilities	(847,910)
Deferred tax liabilities	(1,024,188)
Other liabilities	<u>(2,566,229)</u>
Net assets disposal	<u>\$ 18,780,627</u>

c. Gain on disposal of subsidiary

	CHL and Subsidiaries
Consideration received	\$ 22,737,015
Net assets disposal	(18,780,627)
Non-controlling interests	530,893
Reclassification of other comprehensive income in respect of subsidiaries	<u>(1,850,287)</u>
Gain on disposal	<u>\$ 2,636,994</u>

d. Net cash outflow from disposal of subsidiary

	CHL and Subsidiaries
Consideration received in cash	\$ 252,208
Less: Cash balance on disposal	<u>(4,039,745)</u>
	<u>\$ (3,787,537)</u>

41. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 26, 2025, Cathay Power Inc. acquired a 27% equity interest in CM Energy, thereby raising its shareholding ratio from 70% to 97%.

	CM Energy
Consideration paid	\$ (386,100)
The proportionate share of subsidiaries' net assets carrying amount transferred from non-controlling interests	<u>310,237</u>
Differences from equity transactions	<u>\$ (75,863)</u>
	CM Energy
<u>Line items adjusted for equity transactions</u>	
Capital surplus - recognition of changes in ownership interests in subsidiaries	\$ (8,320)
Unappropriated earnings	<u>(67,543)</u>
	<u><u>\$ (75,863)</u></u>

42. OTHERS

a. Significant assets and liabilities denominated in foreign currencies

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	September 30, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 181,713,404	30.4690	\$ 5,536,625,706
AUD	10,375,924	20.1156	208,717,937
Non-monetary items			
USD	9,825,387	30.4690	299,369,717
<u>Financial liabilities</u>			
Monetary items			
USD	24,364,491	30.4690	742,361,676

	December 31, 2024		
	Foreign Currency	Exchange Rate	New Taiwan Dollars

Financial assets

Monetary items			
USD	\$ 174,934,900	32.7810	\$ 5,734,540,957
AUD	9,225,844	20.3947	188,158,321
Non-monetary items			
USD	9,832,163	32.7810	322,308,135

Financial liabilities

Monetary items			
USD	22,087,859	32.7810	724,062,106

September 30, 2024

	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items			
USD	\$ 176,529,633	31.6510	\$ 5,587,339,414
AUD	9,245,738	21.9326	202,783,073
Non-monetary items			
USD	9,013,292	31.6510	285,279,705

Financial liabilities

Monetary items			
USD	24,184,909	31.6510	765,476,555

It is not possible to disclose foreign exchange gains (losses) of monetary financial instruments by each significant foreign currency due to the variety of the foreign currencies of the Group. The foreign currency exchange for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024 were gains on \$61,428,781 thousand, losses on \$81,252,626, losses on \$228,709,926 and gains on \$98,911,628 thousand, respectively.

b. Information on discretionary investments

1) Cathay Life and its subsidiaries

a) As of September 30, 2025, December 31, 2024 and September 30, 2024, Cathay Life entrusted securities investment trust companies to provide discretionary investment services on its behalf, and the related investments are as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Domestic shares	\$ 177,545,490	\$ 209,907,605	\$ 141,147,545
Overseas shares	49,947,297	44,479,459	34,299,350
Notes and bonds purchased under resale agreements	700,000	12,848,000	22,463,000
Cash in banks	60,620,578	32,382,425	118,062,073
Beneficiary certificates	2,357,252	2,454,130	2,310,832
Futures and options	47	50	49
Corporate bonds	<u>26,351,010</u>	<u>25,994,480</u>	<u>25,515,814</u>
	<u>\$ 317,521,674</u>	<u>\$ 328,066,149</u>	<u>\$ 343,798,663</u>

The carrying amounts of the financial assets held under discretionary securities investment trust enterprises are equal to their fair values.

b) As of September 30, 2025, December 31, 2024 and September 30, 2024, the discretionary investments limits are as follows (in thousands of each currency):

	September 30, 2025	December 31, 2024	September 30, 2024
NTD	\$ 101,448,000	\$ 135,948,000	\$ 137,948,000
USD	1,255,500	1,137,500	1,299,500

2) Cathay Century and its subsidiaries

a) Cathay Century and its subsidiaries enter into contracts with securities investment trust companies or consulting companies for discretionary investment management. The investment details are disclosed as follows:

Investment Item	September 30, 2025	December 31, 2024	September 30, 2024
Domestic shares	\$ 2,746,560	\$ 2,871,807	\$ 2,707,264
Cash in banks	751,797	460,526	472,027
Future margins	<u>38,756</u>	<u>38,646</u>	<u>38,535</u>
	<u>\$ 3,537,113</u>	<u>\$ 3,370,979</u>	<u>\$ 3,217,826</u>

The carrying amounts of the financial assets held under discretionary securities investment trust enterprises are equal to their fair values.

b) As of September 30, 2025, December 31, 2024 and September 30, 2024, Cathay Century and its subsidiaries entered into discretionary management contracts with investment limits of \$1,200,000 thousand.

c. Disclosure information as required by Article 16 of Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality - loans

(In Thousands of New Taiwan Dollars, %)

Period		September 30, 2025					September 30, 2024				
Item		Nonperforming Loan (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 260,099	\$ 430,882,468	0.06%	\$ 3,000,982	1153.78%	\$ 329,730	\$ 426,545,883	0.08%	\$ 2,673,829	810.91%
	Unsecured	125,874	463,238,521	0.03%	11,666,793	9268.63%	287,151	429,695,037	0.07%	11,059,806	3851.56%
Consumer banking	Housing mortgage (Note 4)	818,268	566,914,395	0.14%	9,080,792	1109.76%	467,846	579,520,858	0.08%	9,181,594	1962.53%
	Cash card	-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)	822,565	155,059,416	0.53%	7,038,787	855.71%	953,893	150,262,993	0.63%	6,965,305	730.20%
	Others (Note 6)	Secured 1,778,402	958,356,117	0.19%	10,887,802	612.22%	1,058,208	833,888,055	0.13%	9,028,275	853.17%
Total Loan		40,829	167,828,326	0.02%	2,164,331	5300.97%	29,303	120,159,958	0.02%	1,549,715	5288.67%
		\$ 3,846,037	\$ 2,742,279,243	0.14%	\$ 43,839,487	1139.86%	\$ 3,126,131	\$ 2,540,072,784	0.12%	40,458,524	1294.20%
		Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio	Nonperforming Receivables	Receivables	Ratio of Nonperforming Receivables	Allowance for Credit Losses	Coverage Ratio
Credit cards		\$ 274,272	\$ 124,581,950	0.22%	\$ 2,544,650	927.78%	\$ 335,333	\$ 113,294,759	0.30%	\$ 2,515,315	750.09%
Accounts receivable factored without recourse (Note 7)		-	6,042,248	-	67,242	-	-	5,815,556	-	59,157	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.

Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.

Coverage ratio of credit card receivables: Allowance for credit losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans, excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Not reported as nonperforming loans or nonperforming receivables

Type	Items	September 30, 2025		September 30, 2024	
		Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables	Not Reported as Nonperforming Loans	Not Reported as Nonperforming Receivables
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)		\$ 113	\$ 6,107	\$ 191	\$ 10,251
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)		311,814	1,073,416	180,933	1,020,031
Total		\$ 311,927	\$ 1,079,523	\$ 181,124	\$ 1,030,282

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated September 15, 2008 and September 20, 2016 (Ref. No. 09700318940 and No. 10500134790).

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

September 30, 2025			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 21,690,795	7.04
2	Group B - packaging and testing of semi-conductors	18,665,012	6.06
3	Group C - aluminum casting industry	11,501,972	3.73
4	Group D - other financial service activities not elsewhere classified	11,073,631	3.59
5	Group E - manufacture of other computer peripheral equipment	9,199,200	2.99
6	Group F - real estate development activities	9,100,000	2.95
7	Group G - wholesale of electronic and communication equipment and components	8,194,948	2.66
8	Group H - convenience store chain	7,842,170	2.55
9	Group I - manufacture of chemical raw materials	7,641,138	2.48
10	Group J - real estate development activities	7,386,097	2.40

September 30, 2024			
Rank	Industry Category of Company or Group	Credit Extension Balance	% to Net Asset Value
1	Group A - other financial service activities not elsewhere classified	\$ 24,773,719	8.50
2	Group B - packaging and testing of semi-conductors	14,367,767	4.93
3	Group C - other financial service activities not elsewhere classified	11,272,635	3.87
4	Group D - aluminum casting industry	9,285,000	3.18
5	Group E - real estate development activities	9,100,000	3.12
6	Group F - real estate development activities	7,894,912	2.71
7	Group G - manufacture of computers	6,963,604	2.39
8	Group H - convenience store chain	6,520,681	2.24
9	Group I - manufacture of other computer peripheral equipment	6,406,162	2.20
10	Group J - other holdings	6,379,554	2.19

3) Information on interest rate sensitivity

Interest Rate Sensitivity (New Taiwan Dollar)
September 30, 2025

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 3,203,810,753	\$ 23,275,607	\$ 89,605,642	\$ 168,032,009	\$ 3,484,724,011
Interest rate-sensitive liabilities	524,842,550	2,470,775,622	406,281,174	53,728,245	3,455,627,591
Interest rate-sensitive gap	2,678,968,203	(2,447,500,015)	(316,675,532)	114,303,764	29,096,420
Net worth					308,098,963
Ratio of interest rate-sensitive assets to liabilities					100.84%
Ratio of interest rate sensitivity gap to net worth					9.44%

Interest Rate Sensitivity (New Taiwan Dollar)
September 30, 2024

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 2,668,030,719	\$ 21,266,803	\$ 52,490,821	\$ 188,188,688	\$ 2,929,977,031
Interest rate-sensitive liabilities	246,996,134	2,109,005,954	318,155,307	47,326,952	2,721,484,347
Interest rate-sensitive gap	2,421,034,585	(2,087,739,151)	(265,664,486)	140,861,736	208,492,684
Net worth					291,585,117
Ratio of interest rate-sensitive assets to liabilities					107.66%
Ratio of interest rate sensitivity gap to net worth					71.50%

Note 1: The above amounts included only New Taiwan dollar amounts held by Cathay United Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)
September 30, 2025

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 13,003,511	\$ 1,826,194	\$ 1,932,841	\$ 11,345,042	\$ 28,107,588
Interest rate-sensitive liabilities	13,874,566	3,895,376	4,026,766	4,390,713	26,187,421
Interest rate-sensitive gap	(871,055)	(2,069,182)	(2,093,925)	6,954,329	1,920,167
Net worth					10,111,883
Ratio of interest rate-sensitive assets to liabilities					107.33%
Ratio of interest rate sensitivity gap to net worth					18.99%

Interest Rate Sensitivity (U.S. Dollars)
September 30, 2024

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 10,746,354	\$ 1,484,306	\$ 2,163,167	\$ 9,329,308	\$ 23,723,135
Interest rate-sensitive liabilities	14,105,163	4,170,997	3,890,116	3,909,647	26,075,923
Interest rate-sensitive gap	(3,358,809)	(2,686,691)	(1,726,949)	5,419,661	(2,352,788)
Net worth					9,212,509
Ratio of interest rate-sensitive assets to liabilities					90.98%
Ratio of interest rate sensitivity gap to net worth					(25.54%)

Note 1: The above amounts included only U.S. dollar amounts held by Cathay United Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

4) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollar)
September 30, 2025

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year
Main capital inflow on maturity	\$ 4,484,617,888	\$ 809,948,993	\$ 421,946,807	\$ 504,264,381	\$ 286,086,409	\$ 475,792,754
Main capital outflow on maturity	5,642,546,465	254,818,367	439,112,189	826,934,769	978,212,607	1,206,840,915
Gap	(1,157,928,577)	555,130,626	(17,165,382)	(322,670,388)	(692,126,198)	(731,048,161)
						\$ 1,986,578,544
						1,936,627,618
						49,950,926

September 30, 2024

	Total	Remaining Period to Maturity				
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year
Main capital inflow on maturity	\$ 3,670,018,423	\$ 401,381,167	\$ 335,539,315	\$ 394,684,824	\$ 310,655,596	\$ 390,328,081
Main capital outflow on maturity	4,654,107,450	168,403,846	302,329,538	677,061,264	797,670,601	897,179,576
Gap	(984,089,027)	232,977,321	33,209,777	(282,376,440)	(487,015,005)	(506,851,495)
						1,837,429,440
						1,811,462,625
						25,966,815

Note: The above amounts included only New Taiwan dollar amounts held by Cathay United Bank (i.e., excluding foreign currency).

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
September 30, 2025

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 87,706,267	\$ 36,412,959	\$ 20,742,736	\$ 9,454,477	\$ 7,065,199	\$ 14,030,896
Main capital outflow on maturity	96,562,664	37,969,594	23,316,616	11,234,095	14,596,618	9,445,741
Gap	(8,856,397)	(1,556,635)	(2,573,880)	(1,779,618)	(7,531,419)	4,585,155

September 30, 2024

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 111,059,048	\$ 39,225,214	\$ 26,016,744	\$ 18,159,256	\$ 15,583,636	\$ 12,074,198
Main capital outflow on maturity	116,743,364	41,536,362	26,538,020	19,831,536	20,273,323	8,564,123
Gap	(5,684,316)	(2,311,148)	(521,276)	(1,672,280)	(4,689,687)	3,510,075

Note: The above amounts included only U.S. dollar amounts held by Cathay United Bank.

43. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. Cathay Lujiazui Life approved amendments of the Articles of Incorporation at the shareholders' meeting on October 9, 2025. With no change in shareholding ratios, both parties agreed to equalize shareholders' rights and obligations, and jointly controlled the management of Cathay Lujiazui Life. Accordingly, the Cathay Lide Insurance's investment in Cathay Lujiazui Life will be reclassified from a controlling interest to an investment under significant influence in a joint venture.
- b. Cathay Life Insurance approved a proposed capital increase at the Board of Directors' meeting on November 13, 2025 for its wholly-owned subsidiaries, Cathay Walbrook Holding 1 Limited and Cathay Walbrook Holding 2 Limited, which resulted in an increase of 285,000 thousand shares and 15,000 thousand shares, respectively, at a subscription price of GBP 1 per share, totaling GBP 285,000 thousand and GBP 15,000 thousand. The transaction will be executed through debt-to-equity conversion. Upon obtaining regulatory approval, Cathay Life Insurance will settle the subscription amounts using its shareholder loan receivables.

44. SUPPLEMENTAL DISCLOSURES

- a. Information about significant transactions:

Code	Description	Explanation
1	Accumulated purchases and sales balance of specific investee's marketable securities over \$300 million or 10% of the paid-in capital	None
2	Acquisition or disposal of individual real estate at prices over \$300 million or 10% of the paid-in capital	None
3	Discount on processing fee the transactions with related parties over \$5 million	None
4	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 3
5	Disposal of nonperforming loans by subsidiaries	Table 4
6	Related information of financial assets securitization or real estate securitization by subsidiaries	None
7	Other significant transaction which may affect the decisions of users of the financial statements	None

b. Information on investees

Code	Description	Explanation
1	Information regarding investee companies and percentage of ownership	Exempt from disclosure this quarter
2	Acquisition and disposal of real estate at prices over \$300 million or 10% of the paid-in capital	Table 2
3	Discount on processing fee for transactions with related parties over \$5 million	None
4	Receivables from related parties over \$300 million or 10% of the paid-in capital	Table 3
5	Disposal of nonperforming loans by investees	Table 4
6	Related information of financial assets securitization or real estate securitization by investees	None
7	Other significant transaction which may affect the decisions of users of the financial statements	None
8	Financing provided to others	Table 5
9	Endorsements/guarantees provided	Table 6
10	Marketable securities held as of September 30, 2025	Table 7 (Note)
11	Marketable securities acquired or disposed of at costs or prices over \$300 million or 10% of the paid-in capital	Table 1
12	Derivative transactions	Note 7

Note: Disclosure is not required for subsidiaries belonging to the financial services, insurance and securities industries, and whose principal business activities include financing provided to others, endorsements/guarantees provided, and trading of marketable securities.

- c. Investments in mainland China: Name of companies, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income, carrying amount of the investment, repatriation of investment income, and limit of investment in investees in the mainland China area are disclosed in Table 8.
- d. The significant intercompany transactions among the Group are disclosed in Note 30 and Table 9.
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder are disclosed in Table 10.

TABLE 1**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**

**THE CUMULATIVE AMOUNT OF STOCK PURCHASED OR SOLD IN THE SAME INVESTMENT ENTERPRISE AT PRICES OF AT LEAST \$300 MILLION OR 10% OF ISSUED SHARE CAPITAL
SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning of Period		Buy		Sell				Other Terms	End of Period (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Carrying Cost	Disposal Gains and Losses		Number of Shares	Amount
Cathay Power Inc.	<u>Stocks</u> CM Energy Co., Ltd.	Investments accounted for using the equity method	Power Master Energy Co., Ltd.	Subsidiary	70,000	\$ 770,252	27,000	\$ 386,100	-	\$ -	\$ -	\$ -	\$ (120,209) (Note 1)	97,000	\$ 1,036,143

Note 1: Profit or loss recognized under the equity method and other components.

Note 2: Eliminated during the preparation of consolidated financial statements.

TABLE 2**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****ACQUISITION AND DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 10% OF ISSUED SHARE CAPITAL****SEPTEMBER 30, 2025**

(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal (Note)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Cathay Life Insurance Co., Ltd.	71 parcels of land located in Sanzuowu Subsection, Sanzuowu Section, Zhongli District, Taoyuan City.	2025.01.20	2024.12.05, 2024.12.06, 2024.12.09, 2024.12.10	\$ 490,757	\$ 490,757	Note	Note	The Republic of China and the Taoyuan City Government.	None	Note	Note	None

Note: The land is donated to the Republic of China and the Taoyuan City Government for the purpose of floor area ratio transfer.

TABLE 3**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$300 MILLION OR 10% OF THE PAID-IN CAPITAL****SEPTEMBER 30, 2025****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Cathay Financial Holding Co., Ltd.	Cathay Life Insurance Co., Ltd.	Subsidiary	\$ 26,031,581 (Note 1)	-	\$ -	-	\$ -	\$ -
	Cathay United Bank Co., Ltd.	Subsidiary	4,802,505 (Note 2)	-	-	-		
	Cathay Century Insurance Co., Ltd.	Subsidiary	490,407 (Note 2)	-	-	-		
	Cathay Securities Corporation	Subsidiary	725,990 (Note 2)	-	-	-		
	Cathay Securities Investment Trust Co., Ltd.	Subsidiary	522,811 (Note 2)	-	-	-		
Cathay United Bank Co., Ltd.	Cathay Life Insurance Co., Ltd.	Sibling Company	892,423 (Note 3)	-	-	-	892,423	-
Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	Same ultimate parent company	594,084 (Note 4)	-	-	-	6,440	-
Cathay Wind Power Co., Ltd.	Greater Changhua NW Holdings Ltd.	Joint venture	8,563,243 (Note 4)	-	-	-	- -	- -
	Greater Changhua Offshore Wind Farm NW Ltd.	Other related party	38,095,784 (Note 4)	-	-	-		
Cathay Securities Investment Trust Co., Ltd.	Funds managed by Cathay Securities Investment Trust	Other related party	442,019 (Note 5)	-	-	-	441,899	-

Note 1: The ending balance is mainly comprised of integrated income tax and interest receivables of subordinate corporate bonds of Cathay Life.

Note 2: The ending balance is mainly comprised of receivables from integrated income tax.

Note 3: The ending balance is mainly comprised of commissions receivable.

Note 4: The ending balance is mainly comprised of loans and interest receivables.

Note 5: The ending balance is mainly comprised of fund management fees.

TABLE 4**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****SALE OF NONPERFORMING LOANS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars)**

1. Summary statement:

Trade Date	Counterparty	Loans Composition	Carrying Amount (Note)	Selling Price	Gain (or Loss) on Disposal	Terms	Relationship
Indovina Bank Limited January 16, 2025 June 3, 2025	Vietnam Asset Management Company Dang Anh Chinh	Corporate finance loans Consumer finance loans	\$ 19,353 28,027	\$ 19,418 30,182	\$ 65 2,155	None None	None None

Note: The carrying amount is the amount of debt less the allowance for doubtful accounts.

2. Sale of non-performing loans in a single batch amount over \$1 billion (excluding sales to related parties): None.

TABLE 5**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS****SEPTEMBER 30, 2025**

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	Other receivables from related parties	Yes	\$ 570,000	\$ 565,000	\$ 507,787	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,653,003	\$ 1,653,003
		Cathy Sunrise Two Co., Ltd.	Other receivables from related parties	Yes	4,700	4,700	3,200	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	1,653,003	1,653,003
		Shen Lyu Co., Ltd.	Other receivables from related parties	Yes	369,410	15,000	12,467	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	1,653,003	1,653,003
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	30,000	30,000	20,000	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	1,653,003	1,653,003
2	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	212,000	132,000	100,380	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	642,087	642,087
		Shu Guang Energy Co., Ltd.	Other receivables from related parties	Yes	22,000	-	-	2.1-2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	642,087	642,087
3	CM Energy Co., Ltd.	Cathay Power Inc.	Other receivables from related parties	Yes	180,000	180,000	177,076	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144
		Tian Ji Power Co., Ltd.	Other receivables from related parties	Yes	50,000	50,000	35,000	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144
		Tian Ji Energy Co., Ltd.	Other receivables from related parties	Yes	29,400	29,400	2,940	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144
		Hong Tai Energy Co., Ltd.	Other receivables from related parties	Yes	70,000	70,000	70,000	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144
		Shu Guang Energy Co., Ltd.	Other receivables from related parties	Yes	17,000	17,000	16,000	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144
		Cathy Sunrise Electric Power Two Co., Ltd.	Other receivables from related parties	Yes	70,000	70,000	-	2.2	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	440,144	440,144

Note: The maximum amount for total loan of Cathay Power, Neo Cathay Power, and CM Energy are 40% of its net worth, as stated in its latest audited financial statements. The limit on loans from Cathay Power, Neo Cathay Power, Yong Han, and CM Energy are 40% of its net worth, as stated in its latest audited financial statements.

TABLE 6

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
SEPTEMBER 30, 2025
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
1	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	b	\$ 10,331,269	\$ 3,226,083	\$ 2,907,255	\$ 1,906,102	\$ -	70.35	\$ 10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Cathy Sunrise Electric Power Two Co., Ltd.	b	10,331,269	276,012	276,012	215,528	-	6.68	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Hong Cheng Sing Tech Co., Ltd.	b	10,331,269	53,000	53,000	51,000	-	1.28	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Nan Yang Power Co., Ltd.	b	10,331,269	130,000	-	-	-	-	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Si Yi Co., Ltd.	b	10,331,269	937,600	937,600	886,130	-	22.69	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
		Da Li Energy Co., Ltd.	b	10,331,269	638,000	638,000	451,079	-	15.44	10,331,269	(Note 2)	(Note 2)	N	(Note 3)
2	SUNRISE PV ONE CO., LTD.	Cathay Power Inc.	c	2,819,131	460,000	460,000	60,000	-	40.79	2,819,131	(Note 2)	(Note 2)	N	(Note 4)
3	Neo Cathay Power Corp.	Si Yi Co., Ltd.	b	4,013,045	1,380,342	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)
		Da Li Energy Co., Ltd.	b	4,013,045	626,181	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)
		Yong Han Co., Ltd.	b	4,013,045	379,867	-	-	-	-	4,013,045	(Note 2)	(Note 2)	N	(Note 5)
4	CM Energy Co., Ltd.	Tian Ji Energy Co., Ltd.	b	2,750,899	21,921	18,102	16,197	-	1.65	3,301,079	(Note 2)	(Note 2)	N	(Note 6)
		Hong Tai Energy Co., Ltd.	b	2,750,899	325,132	322,032	281,419	-	29.27	3,301,079	(Note 2)	(Note 2)	N	(Note 6)
5	Cathay Wind Power Holdings Co., Ltd.	Cathay Wind Power Co., Ltd.	b	21,956,586	21,890,032	21,890,032	21,890,032	21,956,586	(90,505.86)	21,956,586	(Note 2)	(Note 2)	N	(Notes 7, 8 and 9)

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. The Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for purposes of undertaking a construction project.
- f. Due to a joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to their ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: It is not a case where the listed parent company endorses the subsidiary or the subsidiary endorses the listed parent company.

Note 3: The total amount of endorsement/guarantee provided by Cathay Power shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 4: The total amount of endorsement/guarantee provided by SUNRISE PV ONE shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 5: The total amount of endorsement/guarantee provided by Neo Cathay Power shall be 250% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 6: The total amount of endorsement/guarantee provided by CM Energy shall be 300% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall be 250% of the net worth of the current period.

Note 7: The total amount of endorsements and guarantees provided by Cathay Wind Power Holdings, as well as the limit for any single enterprise, is restricted to the total value of collateral assets securing all obligations under the project financing documents, bridge financing documents, hedging agreements, shareholder injections, and equity transaction termination payments for the Greater Changhua Northwest Offshore Wind Power Project.

Note 8: The collateral assets for endorsements and guarantees provided by Cathay Wind Power Holdings include accounts pledged by Cathay Life Insurance to Cathay Wind Power Holdings, which are then re-pledged by Cathay Wind Power Holdings to the beneficiaries (calculated based on the principal or account balance of the pledged accounts), as well as the equity held by Cathay Wind Power Holdings in Cathay Wind Power (calculated based on the most recent net asset value; if the net asset value is negative, it is considered 0).

Note 9: The ratio of the cumulative endorsement and guarantee amount provided by Cathay Wind Power Holdings to its most recent financial statement net asset value is based on Cathay Wind Power Holdings' net asset value of NT\$(24,186) thousand for the most recent fiscal year (2024).

TABLE 7

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2025

(In Thousands of New Taiwan Dollars, in Thousands of Number of Shares)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cathay Venture Inc.	<u>Corporate bonds</u>	N/A	Financial assets at fair value through profit or loss	-	\$ 40,034	-	\$ 40,034	
	Accelerated CB		"	-	14,871	-	14,871	
	Funding Asia CB		"	-	6,980	-	6,980	
	HALC HOLDINGS CB		"	-	69,940	-	69,940	
	SiPearl CB		"					
	<u>Beneficiary certificates</u>	N/A	Financial assets at fair value through profit or loss	31,312	414,211	-	414,211	
	Mega Diamond Money Market Fund		"	13,336	190,900	-	190,900	
	Taishin 1699 Money Market Fund							
	<u>Stocks</u>	N/A	Financial assets at fair value through other comprehensive income	2,526	2,165	11.40	2,165	
	CDIB BioScience Ventures I, Inc.		"	20	106	10.00	106	
	Harbinger Venture Capital		"	10	135	10.00	135	
	Harbinger Three Venture Capital		"	8,226	82,976	7.24	82,976	
	Harbinger Eight Venture Capital		"	140	6,532	5.13	6,532	
	HSBC Venture Capital Co., Ltd.		"	500	11,888	10.00	11,888	
	Yu Ji Venture Capital Corporation		"	4,000	35,199	11.11	35,199	
	Hanyu Venture Capital Co., Ltd.		"	2,000	25,470	2.50	25,470	
	Grand Cathay Venture Capital II Co., Ltd.		"	215	2,367	9.79	2,367	
	Baodian Venture Capital Co., Ltd.		"	4,455	115,178	11.11	115,178	
	Appworks Fund II Co., Ltd.		"	16,770	141,105	5.83	141,105	
	Appworks Fund III Co., Ltd.		"					
	Hiroca Holdings Ltd.		Financial assets at fair value through profit or loss	439	9,704	-	9,704	
	Shane Global Holdings		"	1,307	68,471	1.22	68,471	
	Tot Biopharm Co., Ltd.		"	4,447	39,180	-	39,180	
	WW Holding Inc.		"	1,364	97,104	2.02	97,104	
	World Known MFG (Cayman) Limited		"	1,413	75,313	4.17	75,313	
	Easywell Biomedicals Inc.		"	1,418	64,851	1.14	64,851	
	BioGend Therapeutics Co., Ltd.		"	952	39,460	-	39,460	
	Weblink International Inc.		"	1,440	\$ 76,176	1.77	76,176	
	Jia Wei Lifestyle, Inc.		"	861	35,559	1.07	35,559	
	VisEra Technologies Co., Ltd.		"	580	162,400	-	162,400	
	Evergreen Aviation Technologies Corporation		"	793	128,466	-	128,466	
	Sunny Friend Environmental Technology Co., Ltd.		"	100	7,830	-	7,830	
	INTEGRATED SERVICE TECHNOLOGY INC.		"	457	54,840	-	54,840	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	VIZIONFOCUS INC.	N/A	Financial assets at fair value through profit or loss	1,700	\$ 304,300	2.93	\$ 304,300	
	Pharmosa Biopharma Inc.	"	"	2,778	130,149	2.15	130,149	
	PSS Co., Ltd.	"	"	494	70,896	-	70,896	
	DAWUSHAN FARM TECHNOLOGY CO., LTD	"	"	200	9,240	-	9,240	
	APPLIED BIOCODE TAIWAN LTD.	"	"	2,250	53,213	2.19	53,213	
	Formosa Pharmaceuticals, Inc.	"	"	1,248	38,200	-	38,200	
	Infinite Finance Co., LTD	"	"	1,620	29,403	-	29,403	
	KEE Fresh & Safe Foodtech Co., Ltd.	"	"	950	25,365	2.60	25,365	
	Mega Union Technology Incorporated	"	"	3,775	1,989,425	4.95	1,989,425	
	Great Giant Fiber Garment Co., Ltd.	"	"	353	90,167	-	90,167	
	Power Master International Investment Holdings Co., Ltd.	"	"	328	8,350	-	8,350	
	EasyCard Co., Ltd.	"	"	327	21,016	-	21,016	
	Phoenix Pioneer Technology Co., Ltd.	"	"	2,049	31,192	-	31,192	
	Andros Pharmaceuticals Co., Ltd.	"	"	1,547	31,126	3.41	31,126	
	Grandsys, Inc.	"	"	1,790	49,762	6.65	49,762	
	Acepodia	"	"	1,521	19,636	-	19,636	
	Tung Mung Development Co., Ltd.	"	"	7,000	39,480	1.68	39,480	
	UNITRAVEL SERVICES CO., LTD.	"	"	176	12,697	-	12,697	
	EASTERN UNION INTERACTIVE CORP.	"	"	300	36,057	1.21	36,057	
	Annji Pharmaceutical Co., Ltd.	"	"	1,783	26,763	1.90	26,763	
	AP BIOSCIENCES INC.	"	"	1,400	58,786	1.64	58,786	
	FORMOSA SAINT JOSE CORPORATION	"	"	435	9,927	-	9,927	
	Transcene Corp.	"	"	4,000	44,000	10.49	44,000	
	TAIWAN BIO THERAPEUTICS INC.	"	"	410	14,371	-	14,371	
	Aetherai Co., Ltd.	"	"	6,490	127,584	7.30	127,584	
	LUCKY ROYAL CO., LTD.	"	"	500	33,240	-	33,240	
	Morrison Opto-Electronics Ltd.	"	"	347	15,235	1.44	15,235	
	EasyCard Investment Holdings Co., Ltd.	"	"	915	11,935	1.37	11,935	
	Lan An Co., Ltd.	"	"	125	2,370	5.00	2,370	
	Koatech Technology Corp.	"	"	401	549	1.32	549	
	Cathay Healthcare Management Co., Ltd.	"	"	8,250	90,750	15.00	90,750	
	TCY Group	"	"	714	15,203	3.91	15,203	
	Sunmile Group Holding Co., Limited	"	"	528	-	1.85	-	
	NARUKO Beauty Essentials Limited	"	"	43,252	18,382	4.07	18,382	
	Shengzhuang Holdings	"	"	122	-	1.09	-	
	Bravo Ideas Digital Co., Ltd.	"	"	3,386	11,511	4.89	11,511	
	Episonica Holding	"	"	2,708	-	-	-	
	Transound Electronics Co., Ltd.	"	"	1,200	-	3.05	-	
	Hyper Crystal Inc.	"	"	2,000	-	13.80	-	
	Amaryllo International B.V.	"	"	1,000	-	5.00	-	
	Kuang Ming Shipping Corp.	"	"	39	-	-	-	
	DTCO (Samoa)	"	"	325	-	2.46	-	
	Tennrich International Corp.	"	"	144	-	3.19	-	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
KKDAY	N/A	Financial assets at fair value through profit or loss	9,812	\$ 17,564	-	\$ 17,564		
Smart Games	"	"	164	-	1.59			
Anywhere 2 Go	"	"	2	-	8.99			
Yikon Genomics	"	"	1,340	24,683	2.59	24,683		
Mimetas B.V.	"	"	8	16,599	2.81	16,599		
Xiongchuang (Samoa)	"	"	21	3,688	4.26	3,688		
Greenway Environmental Technology Co., Ltd.	"	"	627	-	4.44			
CHU CHIEN TECHNOLOGY LIMITED	"	"	2,302	-	1.10			
Pacific 8 Venture	"	"	-	133,125	15.00	133,125		
Monk's hill Venture Fund	"	"	-	62,666	3.00	62,666		
Intudo Venture II, LP	"	"	-	67,287	3.76	67,287		
Shangrao Dingxin Metal Chem.co., Ltd.	"	"	-	-	2.41			
Palm Drive Capital III LP (Cayman)	"	"	-	35,053	2.00	35,053		
Intudo Venture III, LP	"	"	-	24,383	1.39	24,383		
One Degree	"	"	350,926	10,528	2.02	10,528		
Huang Chieh Metal Composite Material Tech. Co., Ltd.	"	"	1,530	5,309	2.57	5,309		
Validus Investment Holdings	"	"	183	11,814	1.71	11,814		
Finaxar	"	"	87	-	4.00			
King Point Enterprise Co., Ltd.	"	"	1,000	20,570	2.25	20,570		
INNOPACK VIETNAM CO., LTD	"	"	1,350	-	9.00			
Cirocomm Technology Corporation	"	"	271	2,278	2.59	2,278		
New Garden Co., Ltd.	"	"	6,225	1,494	10.00	1,494		
Pickupp	"	"	395	631	1.93	631		
Morning Glow Holding	"	"	5,992	82,212	11.98	82,212		
GRAID Technology Inc. (USA)	"	"	1,075	41,924	2.72	41,924		
AmMax Bio, Inc.	"	"	1,848	19,370	2.93	19,370		
Shenghe Energy Co., Ltd.	"	"	10,000	76,600	10.00	76,600		
Cloud Mile, Inc.	"	"	689	45,998	2.33	45,998		
Smartdisplayer Technology Co., Ltd.	"	"	1,000	16,610	4.01	16,610		
Certain Micro Application Technology Inc.	"	"	1,500	113,204	6.97	113,204		
Toyo Automation Co., Ltd.	"	"	168	11,260	-	11,260		
Partipost Pte Ltd. (Singapore)	"	"	629	5,121	1.77	5,121		
GreenHarvest Co., Ltd.	"	"	1,111	22,876	8.40	22,876		
H2 Inc. Taiwan Branch (Cayman Islands)	"	"	2,046	21,728	3.02	21,728		
Taishan Buffalo No. 2 Biotechnology Venture Capital Limited Partnership	"	"	-	200,399	6.78	200,399		
Taishan Buffalo No. 3 Biotechnology Venture Capital Limited Partnership	"	"	-	66,534	6.09	66,534		
Taiwan Aerospace Corp.	"	"	1	20	-	20		
QT Medical Inc.	"	"	1,053	15,189	5.89	15,189		
CUUMED CATHETER MEDICAL CO., LTD.	"	"	1,200	17,220	3.06	17,220		
Remex Medical Corp.	"	"	1,154	16,904	6.28	16,904		
Reed Semiconductor Corp.	"	"	250	21,650	-	21,650		
Yun AI Baby camera Co., Ltd.	"	"	2,500	5,875	1.47	5,875		

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	EXCELSIUS MEDICAL CO., LTD.	N/A	Financial assets at fair value through profit or loss	1,643	\$ 13,013	8.22	\$ 13,013	
	Rivos Inc.			1,027	27,915	-	27,915	
	Cardio Ring Technologies, Inc.			1,501	36,517	8.25	36,517	
	Wei Xiang Corp.			4,480	57,389	19.69	57,389	
	DotDot Inc.			500	9,225	1.11	9,225	
	Asia-Funding Co., Limited			60	28,892	-	28,892	
	AnTek Certification Inc.			814	40,711	5.31	40,711	
	Inti Taiwan, Inc.			1,949	31,274	4.49	31,274	
	ExeBrain Co., Ltd.			1,875	27,600	4.69	27,600	
	CMTEK Co., Ltd.			2,500	30,000	13.88	30,000	
	PORO TECHNOLOGIES LTD			5	44,355	-	44,355	
	Alpha Intelligence Manifolds, Inc.			900	29,700	8.04	29,700	
	UBG Holding Co., Ltd.			769	29,160	3.57	29,160	
	CHENG MEI INSTRUMENT TECHNOLOGY CO., LTD.			200	11,000	-	11,000	
	DAT BIKE PTE. LTD.			313	45,525	1.15	45,525	
Cathay Futures Co., Ltd.	<u>Beneficiary certificates</u>	N/A	Financial assets at fair value through profit or loss	4,302	52,172	16.53	52,172	
	JKO Pion Money Market Fund							
Cathay Capital (Asia) Limited	<u>Stocks</u>	N/A	Financial assets at fair value through other comprehensive income	11,004	1,309,699	1.52	1,309,699	
	Taiwan Futures Exchange							
	<u>Overseas bonds</u>	N/A	Financial assets at fair value through profit or loss	88	1,632	-	1,632	
	EBIUH 3.41 08/06/30 EMTN							
	EBIUH 4.35 08/01/29							
	EBIUH 4.38 07/26/29 EMTN							
	QNBK 3.18 04/09/26 EMTN							
	MQGAU 4 03/01/27							
	EBIUH 3.05 08/06/30 EMTN							
	NOMURA 4.6 09/15/35 EMTN							
	NOMURA 6 09/15/35 ENTM							
	KNFP 8.75 05/15/26							

(Concluded)

TABLE 8

CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2025	Accumulated Repatriation of Investment Income as of September 30, 2025
					Outflow	Inflow						
Cathay Lujiazui Life Insurance Co., Ltd.	Life insurance	\$ 13,497,155	a	\$ 6,748,578	\$ -	\$ -	\$ 6,748,578	\$ (153,760)	50.0	\$ (76,880) (Note 2,b,2))	\$ 9,964,042	\$ -
Cathay Insurance Company Limited (China)	Property and casualty insurance	12,196,844	a	5,908,393	-	-	5,908,393	634,727	49.0	311,016 (Note 2,c,2))	5,087,863	-
Lin Yuan (Shanghai) Real Estate Co., Ltd.	Office equipment leasing company	7,223,435	a	7,223,435	-	-	7,223,435	(97,600)	100.0	(90,833) (Note 2,b,2))	7,761,706	-
Cathay United Bank (China) Corporation Limited	Wholesale banking	14,377,562	a	14,377,562	-	-	14,377,562	233,885	100.0	233,885 (Note 2,b,2))	17,040,211	-
BSCOM Cathay Asset Management Co., Ltd.	Fund management services	1,701,823	a	566,707	-	-	566,707	(356,226)	33.3	(118,623) (Note 2,b,2))	93,121	-
Beijing BSCOM Cathay Capital Management Co., Ltd. (Note 4)	Assets management services	511,481	c	-	-	-	-	(307,669)	33.3	(102,454) (Note 2,b,2))	57,454	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 34,824,675	\$ 34,824,675	\$ 637,845,094

Note 1: The 3 methods of investment are as follows:

- a. Direct investment in China.
- b. Reinvestment in China through companies located in a third region (please indicate the companies located in that third region).
- c. Others.

Note 2: The column of investment profit or loss for the period:

- a. It should be indicated if the entity was in the preparation stage without profit or loss on investment.
- b. It should be indicated if the basis of recognizing the profit or loss on investment are of the following 3 types:
 - 1) The financial statements are reviewed and certified by international accounting firms which have partnership with R.O.C. accounting firms.
 - 2) The financial statements are reviewed and certified by the parent company's auditors in Taiwan.
 - 3) Other basis.

Note 3: The related figure in the schedule should be expressed in New Taiwan dollars.

Note 4: BSCOM Cathay Asset Management Co., Ltd. invested in Beijing BSCOM Cathay Capital Management Co., Ltd. in the amount of CNY110 million in Mainland China.

(Continued)

Note 5: Information on investments in mainland China:

- a. On December 25, 2002 and July 24, 2003, the Investment Commission of the Ministry of Economic Affairs (“MOEAIC”) authorized Cathay Life to remit US\$22,850 thousand and US\$27,150 thousand, respectively, as the registered capital to establish a China-based company named Cathay Life Insurance Co., Ltd. (Guangzhou). The total amount of the registered capital was revised from US\$50,000 thousand to US\$48,330 thousand, approved by the MOEAIC on December 20, 2010. Also, MOEAIC authorized Cathay Life to remit US\$59,000 thousand as the registered capital again on May 16, 2008. MOEAIC authorized Cathay Life to remit US\$3,400 thousand as the registered capital again on April 2, 2012. MOEAIC also authorized the revision of the amount of US\$32,520 thousand of unexecuted project to CNY200,000 thousand to avoid currency risk on September 14, 2013. The total registered capital was US\$110,730 thousand. On September 25, 2003, MOEAIC authorized Cathay Life Insurance Co., Ltd. (Guangzhou) to change its location from Guangzhou to Shanghai. Cathay Life’s subsidiary, Cathay Life Insurance Ltd. (China) has acquired a business license of an enterprise as legal person on December 29, 2004 and changed its name to Cathay Lujiazui Life Insurance Company Ltd. following approval by the China Insurance Regulatory Commission on August 12, 2014. Cathay Life has remitted US\$48,330 thousand to the subsidiary as of December 31, 2009. Cathay Life injected additional US\$29,880 thousand on September 29, 2010 and CNY200,000 thousand on May 8, 2014. On August 23, 2017, MOEAIC authorized Cathay Life to remit CNY700,000 thousand and the amount was remitted on September 20, 2017. As of September 30, 2025, Cathay Life’s remittances to the subsidiary totaled approximately CNY900,000 thousand and US\$78,210 thousand.
- b. On October 17, 2007, MOEAIC authorized Cathay Life to remit US\$26,390 thousand as the registered capital to establish a China-based general insurance subsidiary (in the form of a joint venture with Cathay Century Insurance) of which was also approved by China Insurance Regulatory Commission on October 8, 2007. On March 6, 2008, MOEAIC authorized Cathay Life to increase the remittances from US\$26,390 thousand to US\$28,960 thousand. On August 15, 2008, MOEAIC further authorized Cathay Life to revise the remittance from US\$28,960 thousand to US\$28,140 thousand. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century Insurance in Shanghai has acquired a business license of an enterprise as legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. Also, MOEAIC authorized Cathay Life to remit CNY245,000 thousand on December 6, 2018. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Life’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of September 30, 2025, Cathay Life’s remittances to this general insurance company amounted to approximately CNY445,000 thousand and US\$28,140 thousand.
- c. On November 1, 2011 and April 11, 2012, MOEAIC authorized Cathay Life to remit CNY300,000 (US\$47,000) thousand and CNY500,000 (US\$80,000) thousand, respectively. A total of US\$127,000 thousand was used as the registered capital to establish a China-based company named Lin Yuan (Shanghai) Real Estate Co., Ltd. Cathay Life’s subsidiary, Lin Yuan (Shanghai) Real Estate Co., Ltd. has acquired a business license of an enterprise as legal person on August 15, 2012. On April 1, 2013, MOEAIC authorized Cathay Life to remit CNY700,000 (US\$111,000) thousand to increase the share capital. As of September 30, 2025, Cathay Life’s remittances to Lin Yuan (Shanghai) Real Estate Co., Ltd. totaled approximately CNY1,500,000 thousand.
- d. On December 31, 2006, MOEAIC authorized Cathay Century to remit US\$28,960 thousand as the registered capital to establish an insurance subsidiary (in the form of a joint venture with Cathay Life) which was also approved by China Insurance Regulatory Commission on October 8, 2007. The joint venture company named Cathay Insurance Company Ltd. (China) established by Cathay Life and Cathay Century in Shanghai has acquired a business license of an enterprise as a legal person on August 26, 2008. On May 28, 2013, MOEAIC authorized Cathay Life to remit CNY200,000 thousand to increase the share capital. On June 13, 2013 and March 18, 2014, a remittance of CNY100,000 thousand and CNY100,000 thousand as share capital were authorized by China Insurance Regulatory Commission. On November 23, 2018, according to No. 10700281680 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. On November 26, 2019, according to No. 10800291980 document issued by the MOEAIC, Cathay Century is authorized to remit CNY245,000 thousand to increase the share capital. Since the solvency of Cathay Insurance Company Ltd. (China) was compliant with the regulatory requirements, Cathay Century’s board of directors resolved to suspend capital increase on January 26, 2022. On March 3, 2022, MOEAIC authorized Cathay Life to cancel CNY245,000 thousand which was authorized by MOEAIC on November 26, 2019. As of September 30, 2025, Cathay Century has remitted US\$97,292 thousand in total.
- e. MOEAIC approved Cathay United Bank to remit to China CNY400,000 (US\$60,070) thousand. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY400,000 (US\$59,770) thousand. The remaining amount of US\$300 thousand was repatriated by Shanghai Branch, Cathay United Bank on November 5, 2010. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC in January 18, 2011 and were approved on January 24, 2011. In addition, MOEAIC further approved Cathay United Bank to remit CNY600,000 (US\$95,020) thousand to China. According to the capital verification report issued by the local accountants in China, the approved working capital of Cathay United Bank’s Shanghai Branch was CNY600,000 (US\$94,930) thousand. The remaining amount of US\$90 thousand was repatriated by Cathay United Bank’s Shanghai Branch on February 1, 2012. The investment amounts were revised by Cathay United Bank by reporting to MOEAIC on March 20, 2012 and were approved on March 26, 2012. MOEAIC approved Cathay United Bank’s Shanghai Branch to increase the working capital of CNY1,000,000 (US\$164,000) thousand on February 27, 2014, and was authorized by MOEAIC, on July 10, 2014. MOEAIC agreed to the Bank to increase the working capital of the Qingdao Branch was CNY600,000 (US\$98,200) thousand on January 21, 2014, and was authorized by MOEAIC on October 30, 2014. Cathay United Bank’s obtained approval from MOEAIC to increase the working capital of Shenzhen branch by CNY400,000 (US\$60,710) thousand on January 5, 2015 and was authorized by MOEAIC on December 22, 2016.
- f. The registered capital of Cathay United Bank (China) Co., Ltd. was CNY3 billion, whose working capital was transferred from Cathay United Bank (Shanghai), Cathay United Bank (Qingdao), Cathay United Bank (Shenzhen) upon obtaining approval from the authorities.
- g. On January 9, 2012, MOEAIC authorized Cathay Securities Investments Trust to remit CNY66,600 thousand as the registered capital to establish a China-based company named BSCOM Cathay Asset Management, originally named CDBS Cathay Asset Management (in the form of a joint venture with China Development Bank Securities CO., Ltd., originally named China Development Bank Securities LLC). Cathay Securities Investment Trust held 33.3% of the shares. BSCOM Cathay Asset Management’s capital is CNY200,000 thousand, and it acquired a business license from an enterprise legal person on August 16, 2013. On November 9, 2016, the board of Cathay Securities Investments Trust approved to increase investment in BSCOM Cathay Asset Management accounted for using the equity method, as the percentage of original ownership amounted to CNY53,280 thousand. The proposal was authorized by the FSC and MOEAIC on May 16, 2017 and June 9, 2017, respectively, and was completed on September 29, 2017. As of September 30, 2025, Cathay Securities Investment Trust remittances to BSCOM Cathay Asset Management totaled approximately CNY119,880 thousand.
- h. Information on Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) is as follows:
 - 1) Location: Shanghai, China.
 - 2) Status of capital funds and related income: As of September 30, 2025, the investment assets of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) amount to \$166,825,558 thousand and \$6,121,072 thousand, respectively, and net investment income is \$13,274,970 thousand and \$603,572 thousand, respectively.
 - 3) Provision methodology and balance of insurance policy reserves

As of September 30, 2025, the balances of reserves of Cathay Lujiazui Life Insurance Co., Ltd. and Cathay Insurance Company Limited (China) are as follows:

(In Thousands of New Taiwan Dollars)		
Cathay Lujiazui Life Insurance Co., Ltd.	Cathay Insurance Company Limited (China)	
Unearned premium reserve	\$ 346,493	\$ 8,594,756
Loss reserve	502,235	4,554,575
Policy reserve	<u>136,242,564</u>	<u>-</u>
	<u>\$ 137,091,292</u>	<u>\$ 13,149,331</u>

(Continued)

Provision methodology of insurance policy reserves:

- a) Unearned premium reserve: For an unexpired in-force contract with a policy period shorter than one year, the calculation of unearned premium reserve is based on the unexpired risk of each insurance.
- b) Loss reserve: The reserve for claims filed but not yet paid is assessed based on the actual relevant information of each case and provided by insurance type. The reserve for claims not yet filed is provided based on the past experiences of actual claims and expenses in line with the actuarial principles for injury insurance.
- c) Policy reserve: The life table and interest rates stipulated in the mainland reserve law shall be provided in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.

4) Premium income and percentage of insurance benefits: For the nine months ended September 30, 2025, the premium income of Cathay Lujiazui Life Insurance Co., Ltd. was NT\$39,737,674 thousand accounted for 13.54% of Cathay Life, and the premium income of Cathay Insurance Company Limited (China) was NT\$19,160,971 thousand accounted for 6.53% and 61.72% of Cathay Life and Cathay Century, respectively.

5) Insurance claims and payments and its ratio to the insurance industry: As of September 30, 2025, the insurance claims and payments of Cathay Lujiazui Life Insurance Co., Ltd. were NT\$2,785,748 thousand accounting for 0.84% of Cathay Life, and the insurance claims and payments of Cathay Insurance Company Limited (China) were NT\$12,412,327 thousand accounting for 3.73% and 99.63% of Cathay Life and Cathay Century, respectively.

(Concluded)

TABLE 9**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Cathay Financial Holdings	Cathay Life	a	Financial assets at fair value through profit or loss	\$ 35,000,000	Not significantly different with that of third parties " " " "	0.25
		Cathay Life		Receivables	26,031,581		0.18
		Cathay Life		Interest income	942,411		0.38
		Cathay United Bank		Receivables	4,802,505		0.03
		Cathay Century		Receivables	490,407		-
		Cathay Securities		Receivables	725,990		0.01
		Cathay Securities Investment Trust		Receivables	522,811		-
1	Cathay Life	Cathay Financial Holdings	b	Gain on investment property	150,837	" " " "	0.06
		Cathay United Bank		Premium income	125,394		0.05
		Cathay United Bank		Guarantee deposits received	221,036		-
		Cathay United Bank		Cash and cash equivalents	69,699,443		0.49
		Cathay United Bank		Gain on investment property	625,130		0.25
		Cathay United Bank		Other general and administrative expenses	8,545,243		3.42
		Cathay United Bank		Payables	892,423		0.01
		Cathay United Bank		Service fee and commission fee	815,843		0.33
		Cathay United Bank		Net other non-interest gain	177,577		0.07
		Cathay United Bank		Gain on financial assets and liabilities at fair value through profit or loss	5,910,408		2.37
		Cathay United Bank		Financial liabilities at fair value through profit or loss	1,085,831		0.01
		Cathay United Bank		Interest income	363,197		0.15
		Cathay Century		Net other non-interest gain	671,045		0.27
		Cathay Century		Other general and administrative expenses	154,076		0.06
		Cathay Century		Receivables	114,588		-
		Cathay Century		Gain on investment property	103,156		0.04
		Cathay Securities		Other general and administrative expenses	164,685		0.07
		Cathay Futures		Guarantee deposits paid	1,349,891		0.01
		Cathay Securities Investment Trust		Service fee and commission fee	343,381		0.14
		Cathay Walbrook Holding 1 Limited		Loans	12,888,117		0.09
		Cathay Walbrook Holding 1 Limited		Interest income	723,079		0.29
		Cathay Walbrook Holding 2 Limited		Loans	686,301		-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
2	Cathay United Bank	Cathay Century Cathay Century Cathay Century Cathay Securities Cathay Securities Cathay Venture Cathay Securities Investment Trust Cathay Securities Investment Trust Cathay Futures Cathay Futures Lin Yuan Cathay Industrial R&D Center CUBC Bank CUBCN Bank	c c c c c c c c c c c c c c c	Deposits	\$ 2,688,908	Not significantly different with that of third parties	0.02
				Service fee and commission fee revenue	214,252	"/	0.09
				Other general and administrative expenses	151,354	"/	0.06
				Deposits	8,724,219	"/	0.06
				Service fee and commission fee revenue	164,781	"/	0.07
				Deposits	197,336	"/	-
				Deposits	211,564	"/	-
				Service fee and commission fee revenue	100,279	"/	0.04
				Deposits	5,677,687	"/	0.04
				Guarantee deposits paid	766,788	"/	0.01
				Deposits	2,108,417	"/	0.01
				Deposits	903,884	"/	0.01
				Interbank deposits	2,042,333	"/	0.01
				Interbank lending	370,719	"/	-
3	Indovina Bank	Cathay Insurance (Vietnam) Cathay Life (Vietnam) Cathay Life (Vietnam) Cathay Life (Vietnam)	c c c c	Deposits Deposits Interest expense Payables	265,247 3,298,345 225,531 254,844	"/ "/ "/ "/	- 0.02 0.09 -
4	Cathay Securities	Cathay Futures	c	Financial assets at fair value through profit or loss	143,672	"/	-
5	Cathay Securities Investment Trust	Cathay Life	c	Other general and administrative expenses	106,954	"/	0.04
6	Cathay Power Inc.	SUNRISE PV ONE CO., LTD.	c	Receivables	594,084	"/	-
7	CM Energy Co., Ltd.	Cathay Power Inc.	c	Receivables	180,059	"/	-
8	Neo Cathay Power Corp.	Cathy Sunrise Electric Power Two	c	Receivables	101,041	"/	-
9	Cathay Securities (Hong Kong)	Cathay Capital (Asia) Limited ("Cathay Capital (Asia)")	c	Payables	150,189	"/	-

Note 1: Parent company is numbered 0; subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationship:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

(Continued)

Note 3: Percentage of transaction amount to total consolidated operating income and assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.

For income statement accounts: Accumulated transaction amount ÷ Total consolidated profit from operations.

Note 4: Disclosure of the important intercompany transactions above is decided by the Company based on the materiality principle.

(Concluded)

TABLE 10**CATHAY FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2025**

Names of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage (%)
Wan Pao Development Co., Ltd.	2,540,990,110	15.68
Lin Yuan Investment Co., Ltd.	2,249,443,425	13.88
Capital Tip Customized Taiwan Select High Dividend ETF fund account	962,920,000	5.94

Note 1: Information on major shareholders in this table is regarding the shareholders who hold more than 5% of the Company's dematerialized ordinary shares and preference shares (including treasury shares) that have been registered and delivered, as calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The capital recorded in the Company's consolidated financial statements and the actual number of dematerialized shares that have been registered and delivered may differ due to the difference between the basis of preparation and calculation.

Note 2: If a shareholder holds its shares by trust, the information is individually presented in the above disclosures by the trustee who opened the trust account. As for the handling of insider shareholding declaration for shareholders holding more than 10% of the Company's shares in accordance with the Securities and Exchange Act, the number of shares held includes those held by trust in which the shareholder has the power to decide the allocation of trust assets. For more information regarding insider shareholding declaration, please refer to the Market Observation Post System website.